



Conflict Factsheet

## Interoceanic Canal Dispute in Nicaragua

Type of conflict  
Main

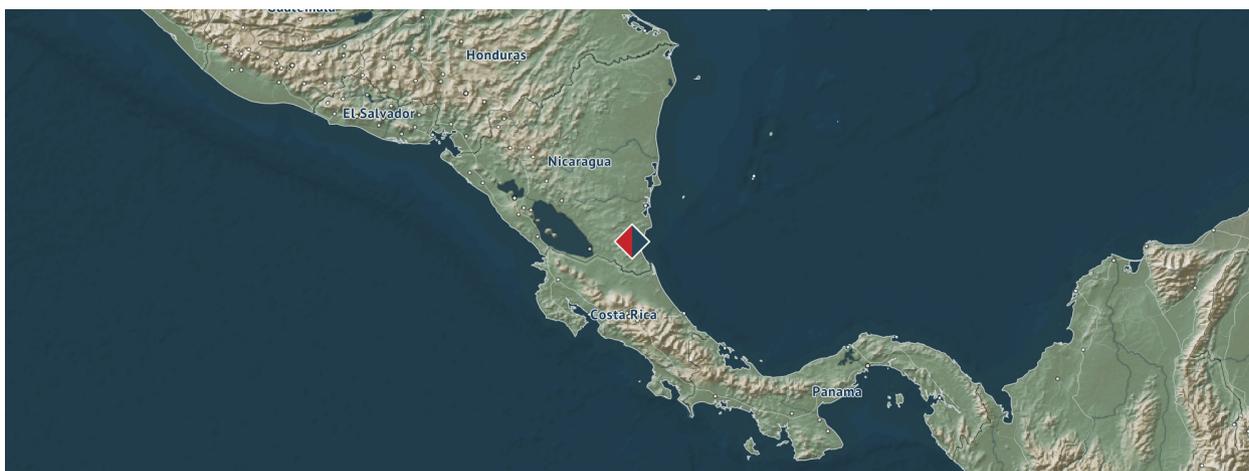
Intensity  
1

Conflict Locality  
Central America

Time  
2012 –ongoing

Countries  
Nicaragua

Resources  
Forests, Ecosystem Stability

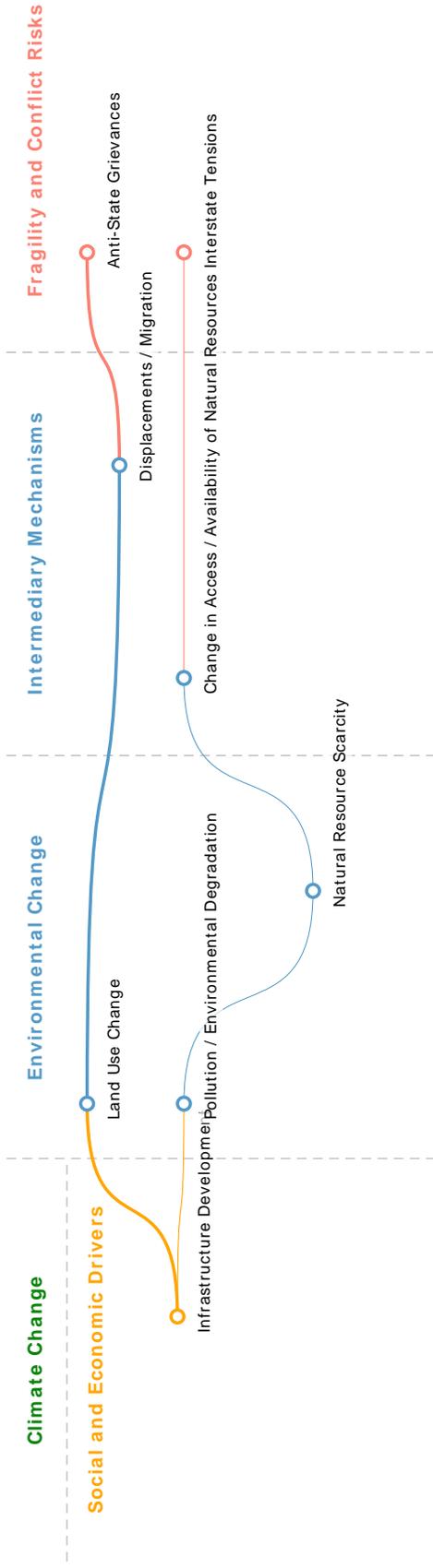


### Conflict Summary

On 22 December 2014, the Nicaraguan Government and Chinese Company HK Nicaragua Development Investment (HKND) inaugurated construction of an inter-oceanic canal from the Caribbean to the Pacific. Environmental impact studies have been handled with great reserve. There have also been protests by rural people who will be displaced from their land. With this mega-project, Nicaragua seeks to compete with the Panama Canal and become the richest country in Central America.



### Conceptual Model



### Context Factors



Forests, Ecosystem Stability



---

## Conflict History

This is an old project, with plans dating back to the early 1800s, which could not be realized because of different economic and political factors, but also because of a conflict over maritime boundaries between Colombia and Nicaragua. Nevertheless, the arbitration awarded by the International Supreme Court of The Hague in Nicaragua's favor in 2014 opened up opportunities to build the canal. Thanks to intervention by Chinese magnate Wang Jing, owner of concessionaire HK Nicaragua Canal Development Investment (HKND) in Managua, the mega-project began in December 2014 ([Dachary and Arnaiz, 2014](#)).

### Controversies and demonstrations

Controversies and demonstrations against the project arose when the President of Nicaragua, Daniel Ortega, announced signing of an agreement, with the HK Nicaragua Canal Development Investment company out of Hong Kong, to grant the concession for construction and operation of the inter-oceanic canal for 50 years, with option to extend for another equal period ([Ntn24, 2014](#)).

### Territorial dispute with Colombia and Costa Rica

Disputes are due to Nicaragua's foreign affairs and to tensions within the country. The former involve Colombia's interests, which less than a year ago lost the vast zone around its San Andrés Archipelago and Providencia after the Hague's arbitration award reduced Colombia's national ocean territory. This maritime area is now administered by Nicaragua and is the zone granting access to the canal most directly from the Caribbean Sea ([Dachary and Arnaiz, 2014](#)). It is also strongly rejected by Costa Rica, which is Colombia's ally, and historically has had conflicts with Nicaragua. Management of the San Juan River Basin was an issue of serious conflict in 2011 - 2012 ([Dachary and Arnaiz, 2014](#)).

### People of Nicaragua's divisions

Moreover, ecologists of Costa Rica see the canal as a serious threat not only for Lake Nicaragua, but also because they fear environmental impacts on their own territory. Inside Nicaragua, reactions are just beginning to surface from diverse sectors, both in favor and against the canal. The People of Nicaragua have been divided over this for years: those who are on Ortega's side and the opposition, although the latter are more fiercely opposed, because they know that, if the canal is built, Ortega would consolidate his power and control in Nicaragua for many years.

### Economic and social implications

Opponents of the project claim that the Chinese company will have considerable rights and autonomy, so that critics argue that the country is being sold to a foreign investor ([DW, 2014](#)). Further, the project threatens to displace 30,000 Rama and Nahua indigenous people and other rural folks living along the route to be taken by the canal. These people have been protesting for the last three months against the project but have not gotten any of their demands granted ([Armirola, 2014](#)).

### Longer than the Panama canal

In view of the lack of any publication of a current study, the arguments are based on data prepared by the Great Canal Commission that was organized by the Government of Nicaragua in 2006. The project was initially assessed at 18 billion dollars and is currently estimated at 40 billion (2006). The distance between



the two seas is 286 km, including 80 km in Lake Nicaragua and the canal will handle ships up to 250,000 tons of dead weight, more than the current Panama Canal ([Dachary and Arnaiz, 2014](#)).

### Environmental impacts

It is assumed that environmental impacts will be greater than those caused in Panama. Environmentalists and opponents to the canal have warned that it will endanger 400,000 hectares of jungles and wetlands and the livelihoods of indigenous peoples. The Cocibolca Group, comprising different environmentalist, legal and societal groups, has urged the National Government "to enforce precautionary and preventive environmental principles" to safeguard the country's natural wealth. In this regard, losing Lake Nicaragua "is the worst risk this poses" because it is the country's most valuable resource ([Redacción 180, 2014](#)). However, official sources have declared that controlled management of ecosystems is planned, with environmental restoration, preservation and development.

### A potential source of economic growth ?

The Government expects this project to accelerate economic growth, increasing the Gross Domestic Product (GDP) and the per capita GDP twofold, compared to optimistic forecasts for a situation without any canal and that it will generate significant additional investments accompanying this development; i.e., taking the GDP from 4.9 billion dollars in 2005 to some 20.8 billion dollars in 2025, compared to 11.8 billion dollars forecast optimistically for that year without the canal. Per capita income would increase from 857 to 2258 dollars in that same period, compared to 1285 dollars estimated optimistically without the great canal, all at 2006 prices ([Dachary and Arnaiz, 2014](#)). Economists like Adolfo Acevedo or Narciso Chavarria dispute these figures, arguing that economic growth depends on a number of factors as for example a stable exchange rate and trade balance. They expect an economic boom only in the construction phase of the canal and question the distribution of income that is generated ([Suazo, 2013](#)).

### Popular protests

The time and place of the inauguration ceremony, presided by the Government and the Company in Rivas, was kept secret and only the official press attended. The zone was protected by security agents and Government employees to curb protests, while hundreds of rural people blocked the highway between Managua and the Department of Río San Juan, in southeastern Nicaragua, where the canal is planned to cross ([Redacción 180, 2014](#)).

---

## Resolution Efforts

To date, only a strategy of containment and repression against demonstrators opposing the mega-project has been pursued, and there are no initiatives yet to constructively address conflicts.



### Intensities & Influences

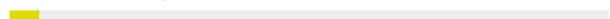


#### INTENSITIES

International / Geopolitical Intensity

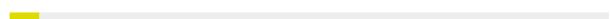


Human Suffering



#### INFLUENCES

Environmental Influences



Societal Influences



Diplomatic Crisis

Note of diplomatic crisis in case history, conflict purely verbal



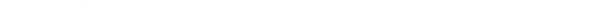
Violent Conflict

No



Salience with nation

National



Mass displacement

Less than 100.000 and less than 10% of the country's population are displaced within the country.



Cross Border Mass Displacement

No



### Resolution Success

Resolve of displacement problems

Displacement continues to cause discontent and/or other problems.



Reduction in geographical scope

There has been no reduction in geographical scope.



Increased capacity to address grievance in the future

There is no increased capacity to address grievances in the future.



Grievance Resolution

Grievances have been completely ignored.



Causal Attribution of Decrease in Conflict Intensity

There has been no reduction in intensity





## Entry Points for Resilience and Peace Building

### Environmental restoration & protection

Authorities have declared that controlled management of ecosystems is planned, with environmental restoration, preservation and development.

0

## Resources and Materials

### References with URL

[Dachary, A. A., and Arnaiz Burne, S. M. \(2014\). El canal interoceánico de Nicaragua: una geopolítica con historia. DRd - Desarrollo Regional en debate, 4\(1\), 165-188](#)

[Gobierno de Ortega inicia obras del polémico canal interoceánico de Nicaragua. \(2014, December 22\) Nuestra Tele Noticias 24](#)

[Daniel Armirola R. \(2014, 22 December\). Nicaragua inicia obras de canal con fuertes protestas ciudadanas. Columbiano.](#)

[Rojas Sasse, E. \(2014, December 10\). Nicaragua, dividida por el canal. Deutsche Welle.](#)

[Suazo Cerda, K. \(2013, September 26\). ¿A quién beneficia el proyecto del canal interoceánico en Nicaragua? Zona Centro.](#)

Further information

<https://factbook.ecc-platform.org/conflicts/interoceanic-canal-dispute-nicaragua>