

## **Canada–Republic of Nicaragua Relations**

### **Bilateral Relations**

- Canada established diplomatic relations with Nicaragua in June 1961. Political and economic relations were maintained during the period of the Sandinista government.
- In support of the 1989 peace settlement in Nicaragua, Canadian Armed Forces personnel served with the United Nations Observer Mission in Central American, and Canada provided financial and technical assistance for Nicaragua's 1990 national elections.
- Canada is a member of the Support Group of Friends of Nicaragua which helped mediate solutions to Nicaragua's constitutional difficulties in 1995.
- Nicaragua is a member of the United Nations and the Organization of American States. Since 1990, Nicaragua has sought closer political and economic ties with developed countries and the other Central American states.

### **Trade and Investment**

- Nicaragua went through a 10-year period of rampant inflation which ended shortly after the election of the current government in 1990.
- Two-way trade between Canada and Nicaragua stood at \$18.5 million in 1995. Canada's exports to Nicaragua totalled \$8 million and included plastics and machinery. Canada's imports from Nicaragua totalled \$10.5 million and included gold and coffee. Our exports decreased during the first six months of 1995 by 43 per cent.
- Nicaraguan reconstruction offers opportunities for Canadian exporters in industrial raw materials and equipment, construction materials, medical and hospital supplies, and transport, electrical, telecommunications and agricultural equipment. Internationally financed projects in the transport, water, sewage, environmental and educational sectors will continue to be of interest to Canadian companies.

### **Development Assistance Co-operation**

- Canada provides Nicaragua with balance of payments support, combined with poverty reduction measures, through a \$15 million Development Line of Credit. Through this mechanism, Nicaragua buys Canadian fertilizers, paper products and plastics with the proceeds from local sales deposited in a counterpart fund to finance poverty reduction projects.