Canada Imposes Sanctions On Nicaraguan Officials To Respond To Human Rights Abuses

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Canada imposed economic sanctions against nine Nicaraguan government officials on June 20, 2019 as a result of ongoing human rights violations by Nicaragua's government. The sanctions were imposed under the *Special Economic Measures Act* (SEMA). Similar sanctions were imposed by the US government.

The Nicaraguan sanctions impose asset freezes and prohibitions on dealings in property and goods with listed persons and those acting on their behalf. The Nicaraguan sanctions evidence Canada's willingness to use a broad range of tools to respond to human rights violations.

Canadian companies or investors with ties to Nicaragua must take note of these sanctions. Nicaragua suffers from entrenched government corruption. The officials targeted hold senior positions and include the president of the National Assembly, the ministers of health and transportation, and the head of Nicaragua's telecommunications industry. Canadian companies carrying on business in Nicaragua could face regulatory and financial risk if the listed officials have personal stakes in local business counterparties. Due diligence of local business partners and their beneficial owners is a critical step to mitigate risk.

The Canadian government is expanding the measures it uses to respond to human rights abuses. Whether through trade or procurement rules prohibiting goods made from forced or child labour, or considering new federal legislation that would mandate supply chain due diligence, the government is signalling that businesses must examine their supply chains to assess and mitigate potential adverse impacts on human rights in international business.

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