



Doing Business in Nicaragua: 2014 Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In Nicaragua

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Market Overview

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- Nicaragua's gross domestic product (GDP) increased by an estimated 4.6 percent in 2013, due largely to external demand, domestic consumption, an increase in FDI, and remittances. Inflation in 2013 was 5.67 percent. The Central Bank of Nicaragua forecasts GDP growth of 4 to 5 percent in 2014.
- On April 1, 2006, the United States - Central America - Dominican Republic Free Trade Agreement (CAFTA-DR) entered into force for the United States and Nicaragua. 80 percent of U.S. exports of consumer and industrial goods now enter Nicaragua duty-free, with remaining tariffs to be phased out by 2016. Tariffs on most U.S. agricultural products will be phased out by 2021, with all tariffs eliminated by 2026.
- The United States is Nicaragua's largest trading partner, the source of roughly a quarter of Nicaragua's imports and the destination for approximately two-thirds of its exports (including free zone exports). U.S. exports to Nicaragua totaled \$1.057 billion in 2013, including cereals, donated goods, mechanical machinery, textiles and apparel, oils and fats, medical and dental equipment, electrical machinery, vehicles, and plastics. Nicaraguan exports to the United States were \$2.8 billion in 2013, including textiles and apparel, automobile wiring harnesses, coffee, meat, fish, tobacco, gold, fruits, vegetables, and sugar. Other important trading partners for Nicaragua are Venezuela, El Salvador, Costa Rica, Mexico, and the European Union.
- The Nicaraguan government's investment promotion agency, ProNicaragua, stated that in 2013 foreign investment inflows were \$1.36 billion, up from \$1.28 billion in 2012. The Economic Commission Latin American and the Caribbean (CEPAL) estimated FDI at \$849 million for 2013. ProNicaragua reports gross FDI figures whereas CEPAL reports on a net basis.

Market Challenges

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- Poor infrastructure increases costs for many businesses. Electricity service in Nicaragua is the most expensive in Central America due to high reliance on imported fossil fuels for generation, theft and technical losses from the distribution network, and a tariff structure that penalizes large electricity users. With the exception of a few major intercity links, roads are poorly maintained and sometimes impassable. Seaport infrastructure is limited, and transport costs are high. Nicaragua has low internet access penetration, and high cost of access.
- The Nicaraguan economy is small and purchasing power is limited for many consumers. Of the total population of approximately 6.07 million, 42.5 percent live below the poverty line. Family remittances, \$1.08 billion in 2013, significantly augment incomes for many Nicaraguans, as do government transfers provided with help from Venezuelan funding.
- Several factors contribute to an uncertain policy environment for foreign investors. Harsh rhetoric by the Government of Nicaragua against the United States, capitalism, and free trade has had a negative effect on foreign investor perceptions of risk. Government officials frequently deride the "tyranny of capitalism" and criticize foreign investors for paying "slave wages."
- Nicaragua's political situation impedes the development of institutions and policies that would strengthen the private sector in the face of global competition. The World Economic Forum's Global Competitive Index for 2013-2014 ranked Nicaragua 99 out of 148 countries.
- The legal environment is among the weakest in Latin America. Property rights, including intellectual property rights, are especially difficult to defend. Nicaraguans commonly believe that the judicial system is controlled by political interests and is corrupt. Investors regularly complain that regulatory authorities are arbitrary, negligent, slow to apply existing laws and often favor one competitor over another. Lack of a reliable means to quickly resolve disputes with administrative authorities or business associates has resulted in disputes becoming intractable.
- The Nicaraguan Customs Authority regularly subjects shipments of commercial and even donated goods to bureaucratic delays and arbitrary valuation. Importers and exporters alike accuse the Nicaraguan Customs

Authority of regularly assessing exorbitant fines for minor administrative discrepancies. In some cases, shipments are held for days, weeks, or months, with no justification.

- President Ortega has trumpeted the concept of a mixed economy in which economic power is divided between the state and private sector. He has used funds provided by Venezuela through the Bolivarian Alliance for the Americas (ALBA) to increase the role of the state in the economy.

Market Opportunities

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- CAFTA-DR has provided market opportunities for U.S. exports to Nicaragua. The treaty has also provided opportunities for Nicaraguan exports to the United States, especially for meat, dairy, seafood, agricultural produce and processed foods.
- Nicaragua offers business opportunities in the tourism sector that are enhanced by attractive tax incentives. Nicaragua's emerging tourism industry allows for opportunities to those entrepreneurs who fully accept the risk of investing in Nicaragua, especially with regard to disputes over land title and lack of supportive infrastructure.
- Market opportunities exist in the following sectors: education; renewable energy; vehicles, auto parts, and equipment; consumer goods; computer equipment and peripherals; telecommunication equipment and services; medical, optical and dental equipment; plastics; agricultural inputs; food processing and refrigeration equipment; construction and hardware equipment; graphics; beauty products; wheat; yellow corn; soybean oil; soybean meal and cakes; and rice.

Market Entry Strategy

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- The use of agents and distributors is the most common way to export U.S products and services.
- The Nicaraguan retail market is relatively small, but identifying one representative for the Pacific and central regions and another for the Atlantic coast is often required to ensure nationwide coverage.
- A local lawyer should be consulted to determine the pros and cons of various agency or representation agreements.
- U.S. companies should visit potential partners or agents prior to entering into a relationship.
- U.S. firms should check the bona fides of potential partners before establishing a formal business relationship.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of the country, please click on the link below to the U.S. Department of State Background Notes.

Principal Government Officials

- President — Daniel Ortega Saavedra
- Vice President — Omar Haleslebens Acevedo
- Minister of Foreign Affairs — Samuel Santos López
- Ambassador to the United States — Francisco Campbell Hooker

Nicaragua maintains an embassy in the United States at 1627 New Hampshire Avenue NW, Washington DC 20009 (tel: 202-939-6570), and consulates in Washington D.C., Houston, Los Angeles, Miami, San Francisco and New York.

For more background information on the political and economic environment of the country, please click on the link below for the U.S. Department of State Background Notes:

<http://www.state.gov/p/wha/ci/nu/>

Government of Nicaragua website: <http://www.presidencia.gob.ni/>

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Chapter 3: Selling U.S. Products and Services

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Using an Agent or Distributor

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The Nicaraguan retail market is small but expanding. Local distributors and agents handle distribution and sales of imported products, as well as Nicaraguan products. Distribution and agency contracts are governed by the [Commercial Code](#), but on several occasions during the last few years local distributors have succeeded in having judges rule on disputes with U.S. companies on the basis of a much more restrictive Law on Agents, Representatives, or Distributors of Foreign Brands (1979). On the basis of that law, these local distributors have attempted to impose, or succeeded in imposing, trade embargoes against U.S. brands.

Partnerships between U.S. and Nicaraguan businesses are common. There is no single information clearinghouse for identifying potential partners in Nicaragua or checking their bona fides. U.S. companies seeking agents, distributors, or partners in Nicaragua may request an International Partner Search, Gold Key Service, or a Contact List through their nearest [U.S. Export Assistance Center](#) or the [Economic/Commercial Section](#) of the U.S. Embassy in Managua. In some cases, organizations such as the [Nicaraguan Export and Investment Center](#), the investment promotion agency [ProNicaragua](#), the [American Chamber of Commerce of Nicaragua](#), and the [Chamber of Commerce of Nicaragua](#) may provide additional information on potential business partners.

Establishing an Office

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Registering a business is a relatively straightforward process. The Government of Nicaragua operates a [One-Stop Shop for Investment](#) (VUI) within the Ministry of Development, Industry and Trade to streamline investment and business licensing. The VUI claims that the average time for registering a business is between 31 and 52 days; the [2013 World Bank Doing Business Report](#) estimated that the process takes 39 days. The services of the VUI are equally available to domestic and foreign-owned businesses. An investor should retain a [local attorney](#) to assist in establishing a presence in Nicaragua. See [E-Regulations Nicaragua](#) for detailed information on registering a business in Nicaragua.

Franchising

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Nicaragua has no specific law regulating franchising, but the Commercial Code and the Foreign Investment Law (2000/344) apply. There are more than 25 foreign franchises operating in Nicaragua, including McDonald's, TGI Friday's, Pizza Hut, Domino's Pizza, Papa John's, Subway, Quiznos, Napa Auto Parts, Hertz, Avis, Budget Rent A Car, DHL, Best Western, Holiday Inn, and Burger King. Many Nicaraguans are familiar with popular U.S. brands and have grown accustomed to U.S. fast food outlets and other services. Local companies such as Tip-Top (fried chicken restaurant) have developed strong local brands and are also expanding through franchising.

Direct Marketing

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No specific law or regulation governs direct marketing. Some consumer product companies report successful direct selling campaigns. Informal vendors also employ the practice. Restaurants often use courier services to distribute brochures offering coupons for modest discounts. Confusing postal addresses provide an obstacle to profitable direct marketing.

Joint Ventures/Licensing

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Nicaragua's Commercial Code governs the establishment of joint ventures, licensing arrangements, general and limited partnerships, and corporations.

Selling to the Government

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The [Government Procurement](#) Chapter of the United States - Central America - Dominican Republic Free Trade Agreement (CAFTA-DR) requires that Nicaragua apply fair and transparent procurement procedures and rules and prohibits the Nicaraguan government and its procuring entities from discriminating in purchasing practices against goods, services, and suppliers from the United States. Although Nicaragua is not a party to the plurilateral World Trade Organization (WTO) [Agreement on Government Procurement](#), CAFTA-DR procurement rules are broadly based on that agreement, including the establishment of national treatment, requiring the Nicaraguan government to treat suppliers of goods and services from the United States no less favorably than it does domestic counterparts. CAFTA-DR also provides rules aimed at ensuring a fair and transparent procurement process.

CAFTA-DR applies to most central government entities for goods and services valued above \$58,550, and construction services valued at \$6,725,000 or more. The threshold for municipalities and other decentralized government entities is \$477,000 for goods and services, and \$6,725,000 for construction services. Annex 9.1.2(b)(i) of the Government Procurement Chapter lists entities covered under the agreement; entities not listed, such as the [National Electricity Company](#) (ENEL), are not covered. Purchases wholly or partially financed by foreign governments or international organizations are conducted according to the procedures of the donor organization.

CAFTA-DR also establishes rules designed to ensure transparency in procurement procedures. Nicaragua must publish its laws, regulations, and other measures governing procurement, along with any changes to those measures. Procuring entities must publish notices of procurement opportunities in advance. The agreement provides that procuring entities may not write technical specifications to favor a particular supplier, good, or service. It also sets out the circumstances under which procuring entities are allowed to use limited tendering. CAFTA-DR requires Nicaragua to maintain procedures to declare suppliers that have engaged in fraudulent or other illegal procurement actions ineligible for participation in future procurement.

The [Government Procurement Law](#) (amended 2010/737) and the [Municipal Procurement Law](#) (2007/622) provide detailed procurement procedures, including rules for open bidding, qualified bidding, limited tendering, and purchase by quotation. The [Ministry of Finance Procurement Office](#) operates an electronic portal for central government and municipality procurement, [NICARAGUACOMPRA](#).

The [Government Procurement Law](#) establishes safeguards to encourage open competition among suppliers bidding on government contracts. It states that in order for the government of Nicaragua to purchase goods and services, it must allow suppliers to compete under equal conditions. All government purchases must be planned and approved by procurement committees within each public entity.

The law allows foreign contractors to bid on projects on equal terms with locally registered companies. While foreign companies need not register locally in order to take part in the bidding process, they must present documentation from their home countries in order to prove that they are qualified bidders. If a foreign company wins a bid, it will need to register with the Nicaraguan government. CAFTA-DR also stipulates that foreign companies receive national treatment when bidding on government contracts.

Distribution and Sales Channels

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Local distributors and agents generally handle distribution and sales of imported products through wholesale, self-service (supermarkets and convenience stores), and retail ("mom and pop" stores and informal vendors) channels. The Nicaraguan retail market is relatively small, but identifying one representative for the Pacific and central regions and another for the Atlantic coast is often required to ensure nationwide coverage.

More than 1,000 wholesalers operate in Nicaragua. U.S. company PriceSmart operates a retail warehouse store in Managua, but also sells wholesale. There are three major supermarket chains in Nicaragua: Palí, La Unión, and La Colonia. Wal-Mart Central America operates the mid-range Palí and upscale La Unión stores. La Colonia is a local chain of supermarkets located in Managua, Granada, and Chinandega. There are also as many as 16,000 "mom and pop" stores and informal vendors that compete with larger retailers.

Nicaragua has a total of 3,151 kilometers of paved roads, primarily located along the Pacific region of the country but many of these roads are in poor condition. There are also 20,496 kilometers of dirt roads, but 35% of these roads are not passable during the wet season. The well maintained, 370 kilometer Pan-American Highway runs north-south along the western coast from Honduras to Costa Rica, giving Nicaragua access to the Atlantic coast seaports of [Puerto Cortés](#) in Honduras and [Puerto Limón](#) in Costa Rica. There are no paved roads linking the Pacific and the Atlantic coasts, but a road extends from Managua to El Rama, a river port that offers waterway transportation (maximum draft of 16 feet) to Bluefields on the Atlantic coast. The Pacific coast [Puerto de Corinto](#), the largest port in the country, is equipped with two warehouses, several storage tanks, special equipment for bulk freight, a crane to handle containers, and power outlets for refrigerated containers. The Nicaraguan government often announces plans for increased investment in roads, a dry and/or wet canal linking the two coasts, and even a railroad, but these projects are still in the planning phase.

[Sandino International Airport](#), located 13 kilometers (8 miles) from the capital, is a modern facility. The airport offers basic cargo handling, including refrigerated storage, with connections to major cities in Central America and the United States. Bluefields and Puerto Cabezas on the Atlantic coast each have a small commercial airport.

The Central Intelligence Agency's [World Fact Book](#) provides basic information on infrastructure in Nicaragua.

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Sales and marketing techniques in Nicaragua are similar to those employed in the United States. Trade fairs and industry-specific trade shows are common. Nicaraguan companies have begun to adopt modern marketing techniques, including door-to-door advertising, point-of-sale promotions, and internet sales. Spanish language sales are a must.

Electronic Commerce

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CAFTA-DR's [Electronic Commerce](#) chapter requires nondiscriminatory, duty free treatment of digital products and encourages cooperation in numerous policy areas related to electronic commerce. Electronic commerce is still developing in Nicaragua. Currently, there are no laws or regulations restricting its use.

The Digital Signature Law (2010/729) extends legal validity to electronic signatures and digital certificates to facilitate business and government transactions, especially international transactions. The governing body for the accreditation of an electronic signature is the [Director General of Technology](#), which is part of the [Ministry of Finance and Public Credit](#). There is no indication, however, that the system necessary to accredit electronic signatures has been implemented.

Trade Promotion and Advertising

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Much of the population is poor and receives information via radio. Other popular means of promotion are billboards, banners, printed flyers, and loudspeaker announcements. Advertising for higher-income segments of the population can be found in newspapers, television, cinema, and cell phone text messaging. Publicity through the internet is very limited, although growing. According to the [Nicaraguan Institute for Telecommunications and Postal Service](#) (TELCOR), in 2013 there were 207,275 internet subscribers in Nicaragua.

Pricing

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A [value added tax](#) (IVA) of 15% applies to the sale of most goods and services.

A [selective consumption tax](#) (ISC) is levied on a [variety of goods](#). The tax generally ranges from 10% to 30% but is as high as 59% for tobacco products and alcoholic beverages. The ISC on domestic goods is based on the manufacturer's sale price, while the ISC on imported goods is based on the CIF value (a pricing term indicating that the cost of goods, insurance, and freight are included in the quoted price).

In an effort to address a growing budget deficit, the [Tax Equity Law](#) (2009/712) was amended in December 2009 to introduce a new 1% minimum tax on gross sales for businesses, a 10% tax on interest and dividend income, a 1.5% tax on transactions in the Nicaraguan commodities exchange market, and a 20% tax on income earned in Nicaragua by citizens who reside abroad.

The [Consumer Defense Law](#) (1994/182) caps the retail markup for pharmaceutical products at 30% for generics and 35% for branded products and caps the wholesale markup at 35% for generics and 30% for branded products. The [Nicaraguan Energy Institute](#) regulates liquefied natural gas prices. Prices for public utilities such as water and electricity are also regulated. See [Chapter 6 of the Country Commercial Guide: Investment Climate Statement](#) for more information.

Many local businesses place less emphasis on customer service and customer support than is considered the standard in the United States. Nicaraguan consumers are demanding better service and are receptive to foreign-owned businesses that make customer service a priority.

Protecting Your Intellectual Property in Nicaragua:

Several general principles are important for effective management of intellectual property (“IP”) rights in Nicaragua. First, it is important to have an overall strategy to protect your IP. Second, IP is protected differently in Nicaragua than in the U.S. Third, rights must be registered and enforced in Nicaragua, under local laws. Your U.S. trademark and patent registrations will not protect you in Nicaragua. There is no such thing as an “international copyright” that will automatically protect an author’s writings throughout the entire world. Protection against unauthorized use in a particular country depends, basically, on the national laws of that country. However, most countries do offer copyright protection to foreign works under certain conditions, and these conditions have been greatly simplified by international copyright treaties and conventions.

Registration of patents and trademarks is on a first-in-time, first-in-right basis, so you should consider applying for trademark and patent protection even before selling your products or services in the Nicaraguan market. It is vital that companies understand that intellectual property is primarily a private right and that the US government generally cannot enforce rights for private individuals in Nicaragua. It is the responsibility of the rights’ holders to register, protect, and enforce their rights where relevant, retaining their own counsel and advisors. Companies may wish to seek advice from local attorneys or IP consultants who are experts in Nicaraguan law. The U.S. Commercial Service can provide a list of local lawyers upon request. http://nicaragua.usembassy.gov/attorneys_registered_at_embassy_managua.html.

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the USG can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to legal doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a law suit. In no instance should U.S. Government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Nicaragua require constant attention. Work with legal counsel familiar with Nicaraguan laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Nicaragua or U.S.-based. These include:

- The U.S. Chamber and local American Chambers of Commerce
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IP Resources

A wealth of information on protecting IP is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at www.StopFakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.

- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, a free online training program is available at www.stopfakes.gov.
- For US small and medium-size companies, the Department of Commerce offers a "SME IP Advisory Program" available through the American Bar Association that provides one hour of free IP legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and . For details and to register, visit: http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IP-infringing products) and allows you to register for Webinars on protecting IP.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Nicaragua at: Michael.Lewis@trade.gov.

Due Diligence

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Thorough due diligence can reduce the risk inherent in doing business in Nicaragua. Before finalizing any contract, U.S. companies are urged to obtain information on the bona fides of the contracting firm, including reliable business and financial references. For commercial transactions, requiring cash in advance or negotiating a letter of credit is advisable until a payment track record is established.

The Embassy's [Economic/Commercial Section](#) can provide assistance in identifying potential business partners through its International Partner Search. Representation or distribution agreements should include an arbitration clause and be reviewed by a local attorney. See [Chapter 6 of the Country Commercial Guide: Investment Climate Statement](#) for more information.

For information on the serious risk involved in purchasing real estate in Nicaragua, see [Chapter 6 of the Country Commercial Guide: Investment Climate Statement](#).

Local Professional Services

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The Embassy recommends hiring a [local attorney](#) to facilitate business transactions. Many attorneys have cooperative agreements with law firms throughout Central America and the United States.

Several local accounting firms have established cooperative agreements with U.S. accounting firms. Many are members of the [American Chamber of Commerce of Nicaragua](#) and may be contacted through that organization.

A limited number of contact centers and business process outsourcing vendors employ bilingual professionals who offer a variety of services to international firms, including telemarketing, consumer and commercial collections, back office work, data entry, market intelligence, and financial analysis.

Web Resources

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- [Commercial Code](#)
- [U.S. Export Assistance Center](#)
- [Economic/Commercial Section](#)
- [Nicaraguan Export and Investment Center](#)
- [ProNicaragua](#)

- [American Chamber of Commerce of Nicaragua](#)
- [Chamber of Commerce of Nicaragua](#)
- [One-Stop Shop for Investment](#)
- [2013 World Bank Doing Business Report](#)
- [Local attorneys](#)
- [E-Regulations Nicaragua](#)
- [Foreign Investment Law](#)
- [Government Procurement Chapter of the United States - Central America - Dominican Republic Free Trade Agreement \(CAFTA-DR\)](#)
- [World Trade Organization \(WTO\) Agreement on Government Procurement](#)
- [National Electricity Company \(ENEL\)](#)
- [Government Procurement Law](#)
- [Municipal Procurement Law](#)
- [Ministry of Finance Procurement Office](#)
- [NICARAGUACOMPRA](#)
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- [Ministry of Finance and Public Credit](#)
- [Nicaraguan Institute for Telecommunications and Postal Service \(TELCOR\)](#)
- [Nicaraguan value added tax](#)
- [Nicaragua selective consumption tax \(ISC\)](#)
- [Tax Equity Law \(2009/712\)](#)
- [Consumer Defense Law \(1994/182\)](#)
- [Nicaraguan Energy Institute](#)
- [www.StopFakes.gov](#)
- http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html
- [Embassy Managua Economic/Commercial Section](#)

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Chapter 4: Leading Sectors for U.S. Export and Investment

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Agricultural Sectors

- [Rice](#)
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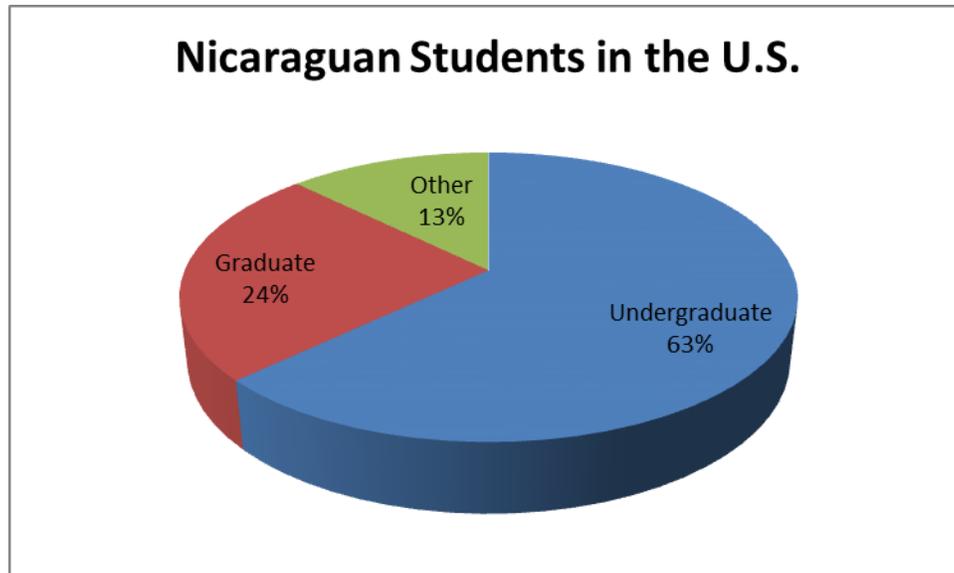
Education and Training Services

Overview

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Unit: USD thousands

	2009/2010	2010/2011	2011/2012	2012/2013
Number of Nicaraguan Students	383	434	363	434
% Change from Previous Year	-14.5%	13.3%	-16.4%	19.6%



Source: *Open Doors 2013, 2012, 2011, 2010, Educational Sector Publication*

According to [EDUQUEMOS](#), an education-focused organization, there are more than 190,000 university students in Nicaragua. Universities in Nicaragua are becoming more open to internationalizing their programs; many universities are developing international collaboration programs with foreign universities. Student exchange will increase in the coming years as there is more information available, competitive education is growing and study and work experiences gained in foreign countries are accepted in the business community.

There is also a growing demand for English language competency and technical training. A March 2014 survey by an economic think-tank, [FUNIDES](#), of 93 human resource managers showed that 70 percent believe lack of education of the workforce is a significant barrier for their business. The same survey showed that companies are seeking workers with technical skills, interpersonal skills, and the ability to speak English. According to Education USA-Nicaragua, Nicaraguan students are most interested in Business (Entrepreneurship, Finance, Marketing), Engineering (Civil, Industrial, Systems), Health-related professions, and ESL training for English teachers.

In March 2011, President Barack Obama launched “100,000 Strong in the Americas,” an initiative to increase international study in Latin America and the Caribbean. The purpose of 100,000 Strong is to foster region-wide prosperity through greater international exchange of students, who are future leaders and innovators. The U.S. government is working to implement 100,000 Strong in the Americas through partnerships – with foreign governments, with universities and colleges, and with the private sector, both in the United States and Nicaragua – to encourage expanded exchanges and closer partnerships between U.S. and Nicaraguan universities and colleges, including community colleges and technical institutions.

Sub-Sector Best Prospects

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English language instruction is in high demand.

- [Education USA](#)
- [FUNIDES](#)
- [EDUQUEMOS](#)

Food Processing and Package Equipment

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Unit: USD thousands

	2010	2011	2012	2013
Total Market Size	18,080	27,810	30,870	25,697
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	90	790	680	576
Total Imports	18,170	28,610	30,870	25,697
Imports from the U.S.	5,980	5,000	5,170	7,693
Exchange Rate: 1 USD	21.3565	22.4243	23.5467	24.7228

Source: Center for Export and Investment (CEI)

Notes:

- Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
- N/A is used to denote information that is not available. In the case of local production of hotel and restaurant equipment, the majority of the work is done in the informal, undocumented sector of the economy, rendering the information unavailable.
- Exchange rate is the yearly average. Daily exchange rate information is available at: http://www.bcn.gob.ni/estadisticas/mercado_cambios/tipo_cambio/cambio_historico/index1.html?&val=0
- There is no reliable growth forecast for this industry.

Sub-Sector Best Prospects

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Refrigeration equipment, such as refrigerated trucks, containers, and cold storage rooms, as well as laboratory equipment for testing and product certification, is in high demand. Demand is highest for used equipment in good condition.

Hotel and Restaurant Equipment

Overview

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Unit: USD thousands

	2010	2011	2012	2013
Total Market Size	15,700	17,470	18,210	20,719
Total Local Production	N/A	N/A	N/A	N/A
Total Exports	70	20	30	20
Total Imports	15,760	17,500	18,210	20,719
Imports from the U.S.	3,640	4,380	4,450	3,928
Exchange Rate: 1 USD	21.3565	22.4243	23.5467	24.7228

Source: Center for Export and Investment (CEI)

Notes:

- Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
- N/A is used to denote information that is not available. In the case of local production of hotel and restaurant equipment, the majority of the work is done in the informal, undocumented sector of the economy, rendering the information unavailable.
- Exchange rate is the yearly average. Daily exchange rate information is available at: http://www.bcn.gob.ni/estadisticas/mercado_cambios/tipo_cambio/cambio_historico/index1.html?&val=0
- There is no reliable growth forecast for this industry.

The tourism industry is considered one of the most vibrant sectors of the Nicaraguan economy, experiencing consistent and sustained growth for almost a decade. In 2013, according to the Nicaraguan Ministry of Tourism (INTUR), Nicaragua received 1.2 million tourists, generating \$417 million in revenue. Consequently, there is also an increased demand for hotel and restaurant equipment.

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There is a growing demand for electrical appliances, chinaware, ovens, and other non-industrial items used in small and medium sized tourism-related businesses.

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The government of Nicaragua offers several incentives for the tourism industry, including the Tourism Incentive Law, Law 306, which provides incentives and benefits for investments in lodging, food and beverages, tour operators, transportation of tourists, and airlines, among others.

The government of Nicaragua's [Ministry of Tourism](#) actively promotes this sector, along with Nicaragua's Investment Promotion Agency, [ProNicaragua](#). [The National Tourism Chamber](#) represents private sector participation in this industry.

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- [Ministry of Tourism](#)
- [ProNicaragua](#)
- [The National Tourism Chamber](#)

Rice

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Unit: USD thousands

	2011	2012	2013
Total Market Size	146,400	142,700	162,969
Total Local Production	100,100	104,400	117,500
Total Exports	2,900	2,300	8,381
Total Imports	49,200	40,600	53,860
Imports from the U.S.	31,800	22,400	5,070
Exchange Rate: 1 USD	22.4243	23.5467	24.7228

Source: Center for Export and Investment (CEI)

Notes:

- Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
- Exports are FOB (values include the transaction value of the goods and the value of services performed to deliver goods to the border of the exporting country) values and imports CIF (a pricing term indicating that the cost of goods, insurance, and freight are included in the quoted price) values.
- N/A is used to denote information that is not available. In the case of local production of soybean meal and cake, the majority of production is in the informal, undocumented sector of the economy, rendering the information unavailable.
- Exchange rate is the yearly average. Daily exchange rate information is available at: http://www.bcn.gob.ni/estadisticas/mercado_cambios/tipo_cambio/cambio_historico/index1.html?&val=0
- The value of local production was calculated with an average price defined for each year.
- The rice industry is expected to grow by 6 percent in 2014.

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Nicaragua imports rice to complement local production. Top export suppliers are Brazil and the United States. Gold U.S. rice is repackaged in 5 kg or 10 kg bags. Under CAFTA-DR, Nicaragua imposes a TRQ for rice that expands gradually and will eliminate tariffs on rice in 2024.

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The U.S. Foreign Agricultural Service works to promote U.S. agricultural exports. To contact the local office, please email agmanagua@usda.gov. The Association of Nicaraguan Rice Producers can be reached by emailing anar@cablenet.com.ni or calling (505) 2222-4570 or 2222-5513. Additional private sector representation is provided by the Association of Nicaraguan Rice Processors, which can be reached by emailing proarroz@cablenet.com.ni.

Soybean Meal and Cake

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Unit: USD thousands

	2011	2012	2013
Total Market Size	27,900	37,600	41,538
Total Local Production	N/A	N/A	N/A
Total Exports	0	0	0
Total Imports	27,900	37,600	41,538
Imports from the U.S.	27,900	37,600	37,562
Exchange Rate: 1 USD	22.4243	23.5467	24.7228

Source: Center for Export and Investment (CEI)

Notes:

- Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
- Exports are FOB (values include the transaction value of the goods and the value of services performed to deliver goods to the border of the exporting country) values and imports CIF (a pricing term indicating that the cost of goods, insurance, and freight are included in the quoted price) values.
- Exchange rate is the yearly average. Daily exchange rate information is available at: http://www.bcn.gob.ni/estadisticas/mercado_cambios/tipo_cambio/cambio_historico/index1.html?&val=0
- N/A is used to denote information that is not available. In the case of local production of soybean meal and cake, the majority of the work is done in the informal, undocumented sector of the economy, rendering the information unavailable
- There is no reliable growth forecast for this industry.

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Soybean meal is a valuable source of protein for animal feed formulation and is used in Nicaraguan feed industries. Nicaragua is not self-sufficient in soybean production.

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The U.S. Foreign Agricultural Service works to promote U.S. agricultural exports. To contact the local office, please email: agmanagua@usda.gov.

Soybean Oil

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Unit: USD thousands

	2011	2012	2013
Total Market Size	64,800	52,700	38,357
Total Local Production	N/A	N/A	N/A
Total Exports	18,400	49,600	41,479
Total Imports	64,800	52,700	38,357
Imports from the U.S.	38,200	45,900	19,497
Exchange Rate: 1 USD	22.4243	23.5467	24.7228

Source: Center for Export and Investment (CEI)

Notes:

- Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
- Exports are FOB (values include the transaction value of the goods and the value of services performed to deliver goods to the border of the exporting country) values and imports CIF (a pricing term indicating that the cost of goods, insurance, and freight are included in the quoted price) values.
- Exchange rate is the yearly average. Daily exchange rate information is available at: http://www.bcn.gob.ni/estadisticas/mercado_cambios/tipo_cambio/cambio_historico/index1.html?&val=0
- N/A is used to denote information that is not available.
- There is no reliable growth forecast for this industry.

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Despite a reduction in market size over the past few years, there is a rising soybean oil refining industry in Nicaragua. Since 2008, there has been a 52 percent increase in Nicaraguan soybean oil imports by volume, from 21,313 metric tons in 2008 to 32,423 metric tons in 2013. Soybean oil is in high demand by Nicaraguan consumers and continues to be the predominant cooking oil.

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The U.S. Foreign Agricultural Service works to promote U.S. agricultural exports. To contact the local office, please email: agmanagua@usda.gov.

Wheat[Return to top](#)**Overview**[Return to top](#)

Unit: USD thousands

	2011	2012	2013
Total Market Size	49,900	55,300	86,900
Total Local Production	N/A	N/A	N/A
Total Exports	6,200	2,500	0
Total Imports	56,100	57,800	86,900
Imports from the U.S.	41,300	17,900	31,156
Exchange Rate: 1 USD	22.4243	23.5467	24.7228

Source: Center for Export and Investment (CEI)

Notes:

- Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
- Exports are FOB (values include the transaction value of the goods and the value of services performed to deliver goods to the border of the exporting country) values and imports CIF (a pricing term indicating that the cost of goods, insurance, and freight are included in the quoted price) values.
- Exchange rate is the yearly average. Daily exchange rate information is available at: http://www.bcn.gob.ni/estadisticas/mercado_cambios/tipo_cambio/cambio_historico/index1.html?&val=0
- N/A is used to denote information that is not available.
- There is no reliable growth forecast for this industry.
- Nicaragua imports primarily spring wheat and small quantities of soft and hard red wheat.
- In 2013, Nicaragua received 100,000 metric tons of wheat from Russia as a donation.

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Imported wheat is processed into flour for use by local bakeries. Bread is the main substitute for corn products in the Nicaraguan diet. Nicaraguan consumers perceive U.S. wheat as wholesome and of high quality.

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The U.S. Foreign Agricultural Service works to promote U.S. agricultural exports. To contact the local office, please email: agmanagua@usda.gov.

Yellow Corn[Return to top](#)**Overview**[Return to top](#)

Unit: USD thousands

	2011	2012	2013
Total Market Size	41,600	43,400	33,027
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	41,600	43,400	33,027
Imports from the U.S.	39,500	30,600	14,442
Exchange Rate: 1 USD	22.4243	23.5467	24.7228

Source: Center for Export and Investment (CEI)

Notes:

- Total Market Size = (Total Local Production + Total Imports) – (Total Exports)
- Exports are FOB (values include the transaction value of the goods and the value of services performed to deliver goods to the border of the exporting country) values and imports CIF (a pricing term indicating that the cost of goods, insurance, and freight are included in the quoted price) values.
- Exchange rate is the yearly average. Daily exchange rate information is available at: http://www.bcn.gob.ni/estadisticas/mercado_cambios/tipo_cambio/cambio_historico/index1.html?&val=0
- N/A is used to denote information that is not available.
- There is no reliable growth forecast for this industry.

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Yellow corn is used as a primary ingredient in livestock feed, particularly in poultry feed. The Nicaraguan poultry industry has grown rapidly.

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Nicaragua does not produce significant amounts of yellow corn. The Nicaraguan Biotechnology Commission, which conducts risk analysis of genetically modified organisms, has approved genetic material approved in the United States for Yellow corn. U.S. yellow corn imports into Nicaragua for the purposes of processing and for animal feed have also been approved. Under CAFTA-DR, Nicaragua imposes a tariff-rate quota (TRQ) for yellow corn that expands gradually and will eliminate tariffs in 2021. See chapter 5: Trade Regulations and Standards, Import Tariffs and Import Requirements and Documentation of the CCG for Nicaragua, or the section of the same title for more information.

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The U.S. Foreign Agricultural Service works to promote U.S. agricultural exports. To contact the local office, please email: agmanagua@usda.gov.

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Import Tariffs

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As a member of [the Central American Common Market \(CACM\)](#), Nicaragua applies a harmonized external tariff on most items at a maximum of 15% with some exceptions. Approximately 95% of tariff lines are harmonized at this rate or lower. In response to rising prices in 2007, Nicaragua issued a series of decrees to unilaterally eliminate or reduce to 5% tariffs on many basic foodstuffs and consumer goods. These decrees have been extended every six months and are currently in effect through June 30, 2014. The [Nicaraguan Customs Authority](#) maintains an [online database](#) of import tariffs, including tariffs applicable under CAFTA-DR.

Under CAFTA-DR, approximately 80% of U.S. industrial and consumer goods now enter Nicaragua duty-free, with remaining tariffs phased out by 2015. Nearly all textile and apparel goods that meet the Agreement's rules of origin now enter Nicaragua duty-free and quota-free, promoting new opportunities for U.S. and regional fiber, yarn, fabric, and apparel manufacturing companies.

More than half of U.S. agricultural exports now enter Nicaragua duty free thanks to CAFTA-DR. Nicaragua will eliminate its remaining tariffs on nearly all agricultural goods by 2025, including those on pork, rice, and yellow corn. Nicaragua will eliminate its tariffs on chicken leg quarters and rice by 2023 and on dairy products by 2025. For certain products, such as poultry leg quarters, [tariff-rate quotas](#) (TRQs) allow duty free access for increasing quantities as tariffs are phased out. Nicaragua will liberalize trade in white corn through expansion of a TRQ, but there is no tariff phase out.

Trade Barriers

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The U.S. Embassy receives numerous reports from U.S. businesses and nongovernmental organizations that the Nicaraguan Customs Authority regularly subjects shipments of commercial and even donated goods to bureaucratic delays and arbitrary valuation. Importers and exporters alike accuse customs officials of regularly assessing exorbitant fines for minor administrative discrepancies on paper work. In some cases, shipments are illegally held for days, weeks, months or even years, with no justification provided by customs agents. The U.S. Embassy rarely has success in obtaining information from the Nicaraguan Customs Authority concerning these cases.

The government levies a [selective consumption tax](#) (ISC) on many items, as described in *Chapter 3 of the Country Commercial Guide: Selling U.S. Products and Services*. The tax is not applied exclusively to imports, but imports are taxed on the cost, insurance, and freight value, while domestic goods are taxed on the manufacturer's price. All alcoholic beverages and tobacco products are taxed on the price charged to the retailer.

For motor vehicles, the [Nicaraguan Customs Authority](#) levies the ISC according to engine size. New and used automobiles with engines greater than 4000 cc face a tax of 30%, while those with engines less than 4000 cc pay 25%, 3000 cc pay 20%, 2,600 cc pay 15% and less than 1,600 cc pay 10%. U.S. cars with larger engines may face stiff price competition from manufacturers of small cars. The ISC is applied to other motor vehicles based on engine size as well.

Import Requirements and Documentation

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An importer must present the following documentation to the [Nicaraguan Customs Authority](#):

- bill of lading
- packing list
- original invoice
- declaration of invoice authenticity
- permits issued by Nicaraguan authorities (if necessary, see below)
- certificate of origin (to determine applicability of CAFTA-DR and other trade agreements)

Importers must also register as a taxpayer with the [Nicaraguan Tax Authority](#). Once they have their tax identification number, they must register it with the [Nicaraguan Customs Authority](#), Legal Affairs Division, which also requires importers to present proof of fiscal solvency on a monthly basis.

The process for sending donations to Nicaragua is to request authorization from the [Ministry of Foreign Relations](#). The donating organization may wish to hire a [local customs broker](#) familiar with local customs procedures in order to ensure that the donation is not lost. Customs may seize a shipment if it is not removed from their warehouses after 20 days, but the importer can pay a fine in order to avoid it being auctioned off.

U.S. Export Controls

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Food and Beverages

- The [Ministry of Health](#), Food Inspection Office issues import permits for food and beverages.
- All imports of non-processed food must be registered with the [Ministry of Agriculture's](#) Agricultural Health and Sanitation Office.
- If a product is imported in bulk and packaged in Nicaragua, a phytosanitary or sanitary certificate is required from the country of origin and the Nicaraguan [Ministry of Health](#), Food Inspection Office.
- For sugar, the Ministry of Development, Industry, and Trade issues import licenses.

Medicines and Cosmetics

- The [Ministry of Health](#), Pharmaceutical Office, issues import permits for medicines, cosmetics and hygiene products. Importers must present documentation demonstrating safety and effectiveness and pay fees to obtain a sanitary registration, as well as fees for laboratory analysis (this fee varies if the products are made in Nicaragua). To ascertain fee amounts, please contact the [Ministry of Health](#).

For more information on registering a product or the documents required for importing pharmaceutical products, please contact:

Ministerio de Salud

[Dirección de Farmacias](#)

Complejo Nacional de Salud "Dra. Concepción Palacios" costado oeste, Colonia Primero de Mayo, Módulo 4, Managua

Tel: (505) 2289-4700

Fax: (505) 2289-4401

div-far@minsa.gob.ni

Laboratorio Nacional de Control de Calidad de Medicamentos

Donde fue la Pepsi 2 c. al Sur, 3 c. Abajo, Managua

Tel: (505) 2244-1925

lncm-cndminsa@hotmail.com

Agriculture and Livestock

- The [Ministry of Agriculture](#), Director General for Animal and Health Protection, is responsible for plant and animal health inspections.
- The [Ministry of Agriculture](#), Agrochemicals Office, issues import permits for agrochemical products and for medicine for veterinary purposes.

- The [Ministry of Agriculture](#), after consideration of risk analysis conducted by CONAGREN, makes a final decision on biotechnology imports.

Telecommunications

- The [Nicaraguan Institute for Telecommunications and Postal Service](#) (TELCOR) issues imports permits for radio communication equipment, cable television installation equipment, telephone switchboard equipment, and commercial radio broadcast equipment.

Containers for Liquefied and Compressed Gasses

- The Fire Department, Fire Prevention Office, issues import permits for new and used cylinders or containers for liquefied or other compressed gases.

Firearms

- The National Police, [Firearms and Ammunition Office](#) administers an import permit system for firearms, ammunition, and explosives under the Special Law for Control and Regulation of Firearms, Ammunition, Explosives, and Related Materials (amended 2006/591).

Temporary Entry

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Under the [National Treatment and Market Access for Goods](#) Chapter of CAFTA-DR, Nicaragua must provide duty-free temporary admission for products such as professional equipment, goods for display or demonstration, and commercial samples. The Chapter also includes specific provisions on the international transit of vehicles and containers.

The Ministry of Development, Industry and Trade, through the [National Export Commission](#) is responsible for administering Nicaragua's [Temporary Admission Law](#), which defines the circumstances under which merchandise may be imported duty free, primarily in the case of re-export after a transformative process, repair, or alteration. This law only applies to companies that directly or indirectly export at least 25% of total production (no lower than US \$ 50,000 per year). The [Nicaraguan Customs Authority](#) is responsible for applying this law, and additional information is available by writing to cnpe@mific.gob.ni.

Labeling and Marking Requirements

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The [Nicaraguan Technical Standard on Prepackaged Foods for Human Consumption](#) (1999/03-021) requires that prepackaged foods be labeled in Spanish and indicate product origin, contents, price, weight, production date, and expiration date. The Ministry of Development, Industry and Trade, Standards Office, will determine if the product complies with the labeling requirements, once the product has been registered with the Sanitation Office at the [Ministry of Health](#).

The [Ministry of Health](#), Pharmaceutical Office, requires that pharmaceutical products be packaged and labeled in Spanish for retail distribution and that their dosages be clearly indicated.

For those companies that are interested in participating in government tenders, sample products must be submitted with the required labels in Spanish.

Nicaragua is a signatory of the [Cartagena Protocol on Biosafety](#). As mandated by the protocol, Nicaragua requires that agricultural goods containing more than 5% living modified organisms (LMOs) be labeled to indicate that they "may contain" LMOs.

Prohibited and Restricted Imports

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The [Ground Transportation Law](#) (2005/524) prohibits the import of motor vehicles that are more than 10 years old, with the exception of antique cars and donations to the fire department, Red Cross, and religious organizations.

Customs Regulations and Contact Information

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The [Customs Administration and Trade Facilitation](#) Chapter of CAFTA-DR establishes rules designed to encourage customs transparency, predictability, and efficiency. Under the agreement, Nicaragua must promptly publish its customs measures, including on the Internet. Nicaragua must also release goods from customs promptly and expeditiously clear express shipments.

The [Central American Uniform Customs Code](#) establishes harmonized customs procedures for Guatemala, El Salvador, Nicaragua, and Honduras, including uniform documents, electronic transmission of customs information, and electronic prepayment of charges, tariffs and taxes.

Importers must use the services of a licensed [customs broker](#). Nicaragua applies the World Trade Organization [Agreement on Customs Valuation](#) to determine customs duties. Many importers report, however, that the Nicaraguan Customs Authority misclassifies goods in order to apply a higher duty rate. They also allege that officials apply arbitrary reference prices. Information on current customs regulations can be obtained from the Nicaraguan Customs Authority at Tel: (505) 2248-2642, (505) 2249-5699, (505) 2249-4259 or submitted to their [website](#).

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The [Technical Barriers to Trade](#) Chapter of CAFTA-DR requires that Nicaragua build on the WTO [Agreement on Technical Barriers to Trade](#) to promote transparency, accountability, and cooperation on standards and regulatory issues.

Standards Organizations

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The [Technical Standards and Quality Law](#) (1996/219) establishes a National Standards and Quality Commission, including public and private sector members, to develop standards and regulations. The Ministry of Development, Industry and Trade, [Technology, Standards, and Measurement Office](#), serves as secretariat for the commission.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at Internet URL: <http://www.nist.gov/notifyus/>

Conformity Assessment

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The [Technical Barriers to Trade](#) Chapter of CAFTA-DR requires that Nicaragua recognize [conformity assessment](#) bodies located in the United States on terms equivalent to those located in Nicaragua. Conformity assessment in Nicaragua is limited to export products such as coffee and peanuts.

Product Certification

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The Ministry of Development, Industry and Trade publishes technical standards and requirements governing standards certifying organizations.

Accreditation

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The Technical Standards and Quality Law (1996/219) establishes the Ministry of Development, Industry and Trade, [National Accreditation Office](#), as the government entity responsible for accrediting standards certifying organizations.

Publication of Technical Regulations

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The Ministry of Development, Industry and Trade, [National Accreditation Office](#), publishes Obligatory Nicaraguan Technical Standards as well as Standards Subject to Public Consultation.

Labeling and Marking

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Many of the standards requirements for labeling and marking in Nicaragua can be found in the [Consumer Defense Law \(1994/182\)](#), or by contacting the Ministry of Development, Industry and Trade, [National Accreditation Office](#).

Contacts

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The Ministry of Development, Industry and Trade, [National Accreditation Office](#) employs the following contacts:

- **Department of Standards and Measurements**
Telephone: 505-2267-4551 Ext. 1276
Email: dtnm@mific.gob.ni
- **Department of Standards**
Head of the Standards Department
Telephone: 505-2267-4551 Ext. 1238
- **CODEX Alimentarius Point of Contact**
Telephone: 505-2267-4551 Ext. 1258
Email: codex@mific.gob.ni
- **Information Center on Technical Barriers to Trade**
Telephone: 505-2267-4551 Ext. 1230

The U.S. Department of Commerce's International Trade Administration employs a regional expert in standards, based in Mexico City:

Commercial Officer/Standards Attaché

Office of Standards Liaison for Canada, the Caribbean, Central America and Mexico
Telephone: 52-55-5140-2603

Trade Agreements

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Nicaragua, along with Costa Rica, El Salvador, Guatemala, Honduras, and the Dominican Republic, signed the Central America – Dominican – Republic – United States Free Trade Agreement in August 2004. The agreement entered into force for Nicaragua and the United States on April 1, 2006.

The [Secretariat for Central American Economic Integration](#) (SIECA) provides technical and administrative support to Nicaragua, Costa Rica, El Salvador, Guatemala, and Honduras in their efforts to establish a [Central American Common Market](#). Nicaragua is negotiating a free trade agreement with Cuba, and one with ALBA member countries. Nicaragua, along with Honduras, Guatemala and El Salvador, remains in the process of negotiating a free trade agreement with Canada, a process begun in 2001.

Nicaragua has signed bilateral trade agreements with Chile, the Dominican Republic, Panama, Mexico, and Taiwan. In 2010, Central American countries, including Nicaragua, signed a trade agreement with the European Union.

The Ministry of Development, Industry and Trade, [International Trade Office](#), is responsible for the negotiation and implementation of trade agreements.

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- [Central American Common Market \(CACM\)](#)
- [Nicaraguan Customs Authority online database](#)
- [Tariff-rate quotas](#)
- [Selective consumption tax \(ISC\)](#)
- [Nicaraguan Tax Authority](#)
- [Ministry of Foreign Relations.](#)
- [Local customs broker](#)
- [Ministry of Health,](#)
- [Ministry of Agriculture](#)
- [Ministry of Development, Industry, and Trade](#)
- [Ministerio de Salud Dirección de Farmacias](#)
- [Ministry of Agriculture and Forestry](#)
- [Nicaraguan Institute for Telecommunications and Postal Service \(TELCOR\)](#)
- [Firearms and Ammunition Office](#)
- [National Treatment and Market Access for Goods](#)
- [National Export Commission](#)
- [Temporary Admission Law](#)
- [Nicaraguan Technical Standard on Prepackaged Foods for Human Consumption \(1999/03-021\)](#)
- [Cartagena Protocol on Biosafety](#)
- [Ground Transportation Law \(2005/524\)](#)
- [The Customs Administration and Trade Facilitation Chapter of CAFTA-DR](#)
- [The Central American Uniform Customs Code](#)
- [World Trade Organization Agreement on Customs Valuation](#)
- [The Technical Barriers to Trade Chapter of CAFTA-DR](#)
- [WTO Agreement on Technical Barriers to Trade](#)
- [The Technical Standards and Quality Law \(1996/219\)](#)
- [The Ministry of Development, Industry, and Trade, Standards and Measurement Office](#)
- <http://www.nist.gov/notifyus/>
- [Conformity assessment bodies located in the United States](#)
- [National Accreditation Office](#)
- [Consumer Defense Law \(1994/182\)](#)
- [The Central America - Dominican Republic - United States Free Trade Agreement \(CAFTA-DR\)](#)
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Openness to Foreign Investment

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The Free Trade Agreement between the United States, Central America, and the Dominican Republic (CAFTA-DR) entered into force on April 1, 2006, for the United States and Nicaragua. The CAFTA-DR Investment Chapter establishes a secure, predictable legal framework for U.S. investors in Central America and the Dominican Republic. The agreement provides six basic protections: (1) nondiscriminatory treatment relative to domestic investors and investors from third countries; (2) limits on performance requirements; (3) the free transfer of funds related to an investment; (4) protection from expropriation other than in conformity with customary international law; (5) a minimum standard of treatment in conformity with customary international law; and (6) the ability to hire key managerial personnel without regard to nationality. The full text of CAFTA-DR is available at <http://www.ustr.gov/trade-agreements/free-trade-agreements/cafta-dr-dominican-republic-central-america-fta/final-text>.

In addition to CAFTA-DR, Nicaragua's Foreign Investment Law defines the legal framework for foreign investment. The law allows for 100% foreign ownership in most industries (see [Right to Private Ownership and Establishment](#) for exceptions). It also establishes the principle of national treatment for investors, guarantees foreign exchange conversion and profit repatriation, clarifies foreigners' access to local financing, and reaffirms respect for private property.

Other major laws governing foreign investment include the Temporary Entry Law, which allows for the duty free import of machinery, equipment, raw materials, and supplies for companies exporting the majority of their production (see [Performance Requirements and Incentives](#)); the Export Processing Zone Law (see [Foreign Trade Zones / Free Trade Zones](#)); the Tax Equity Law (see [Performance Requirements and Incentives](#)); the Banking Law (see [Conversion and Transfer Policies and Performance Requirements and Incentives](#)); and a series of intellectual property laws (see [Protection of Property Rights](#)). The National Assembly provides Spanish-language texts of these and other Nicaraguan laws, which are available at <http://www.asamblea.gob.ni/>

PRONicaragua, the Nicaraguan investment promotion agency, has collaborated with the American Chamber of Commerce in Nicaragua (<http://www.amcham.org.ni/>) to create a Guide to Doing Business in Nicaragua, available at <http://www.pronicaragua.org/en/resources-library/reports-and-publications/item/12-2012-doing-business>.

TABLE 1: The following chart summarizes Nicaragua's standing in several well-regarded indices and rankings.

Measure	Year	Rank or value	Website Address
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TI Corruption Perceptions index	2013	(127 of 177)	http://cpi.transparency.org/cpi2013/results/
Heritage Foundation's Economic Freedom index	2013	(102 of 177)	http://www.heritage.org/index/ranking
World Bank's Doing Business Report "Ease of Doing Business"	2013	(124 of 189)	http://doingbusiness.org/rankings
Global Innovation Index	2013	(115 of 142)	http://www.globalinnovationindex.org/content.aspx?page=qii-full-report-2013#pdfopener
World Bank GNI per capita	2012	\$1,650	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Conversion and Transfer Policies

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The Foreign Investment Law (2000/344) and the Banking, Nonbank Intermediary, and Financial Conglomerate Law (2005/561) allow investors to convert freely and transfer funds associated with an investment. Article 10.8 of CAFTA-DR ensures the free transfer of funds related to a covered investment. Local financial institutions freely exchange U.S. dollars and other foreign currencies. Foreigners may open bank accounts, but the process can be cumbersome and time consuming. The Superintendent of Banks and other Financial Institutions (SIBOIF) monitors financial transactions for illicit activity.

The official exchange rate is adjusted daily by the Nicaraguan Central Bank (BCN) according to a crawling peg that devaluates the Córdoba against the U.S. dollar at an annual rate of 5%. The official exchange rate as of December 31, 2013, was 25.33 Córdobas to one U.S. dollar. According to the BCN, the accumulated rate of inflation for 2013 was 5.67%.

Expropriation and Compensation

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During the 1980s, the Sandinista government confiscated close to 28,000 properties in Nicaragua. Since 1990, thousands of U.S. citizens have filed claims against the government to have their property returned or receive compensation. As of January 31, 2014, the Nicaraguan government had resolved more than 4,900 U.S. citizen claims, and as of May 31, 2014, a total of 168 Embassy-registered U.S. claims remain.

The U.S. Embassy in Nicaragua works mainly with the Nicaraguan Attorney General's office to facilitate the progress of U.S. citizens' claims in the administrative process. The administrative process refers to registering the claim with the Attorney General's office and obtaining compensation in the form of bonds or return of the property. A U.S. citizen with such a claim may contact ManaguaPropOffice@state.gov.

The USG remains concerned about land invasions and infringement of private property rights affecting U.S. citizens. The CAFTA-DR Investment Chapter prohibits expropriation unless for a public purpose. The government must pay prompt, adequate, and effective compensation. See Protection of Property Rights for a description of other forms of land security problems affecting investors.

Dispute Settlement

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Difficulty in resolving commercial disputes, particularly the enforcement of contracts, remains one of the most serious drawbacks to investment in Nicaragua. The legal system is weak and cumbersome. Members of the judiciary, including those at senior levels, are widely believed to be corrupt or subject to political pressure. A commercial code and bankruptcy law exist, but both are outdated.

Enforcement of court orders is frequently subject to non-judicial considerations. Courts routinely grant injunctions ("amparos") to protect citizen rights by enjoining official investigatory and enforcement actions indefinitely. Foreign investors are often at a disadvantage in disputes against nationals with political or personal connections. Some U.S. companies have been subject to legal procedures that violate international standards of due process and monetary judgments that have no parallel in Nicaragua's legal system. International treaties, such as CAFTA-DR, become domestic legislation once ratified by the National Assembly, and while CAFTA-DR derogated some laws, these laws have been mistakenly applied by some courts to resolve commercial disputes. Misuse of the criminal justice system sometimes results in individuals being charged with crimes arising out of civil disputes, often to pressure the accused into accepting a civil settlement.

Dispute resolution is even more difficult in the Northern and Southern Atlantic Autonomous Regions (RAAN and RAAS, respectively), where most of the country's fishery, timber, and mineral resources are located. These large regions, which share a Caribbean history and culture, comprise more than one-third of Nicaragua's land mass. The division of authority between the central government and regional authorities is complex and flexible. Local officials may act without effective central government oversight.

The Mediation and Arbitration Law (2005/540) establishes the legal framework for alternative dispute resolution. Nicaragua is a signatory of the New York Convention and the Inter-American Convention on International Commercial Arbitration. The American Chamber of Commerce of Nicaragua supports the Nicaraguan Chamber of Commerce's Mediation and Arbitration Center. Arbitration clauses should be included in business contracts, but legal experts are uncertain whether local courts would enforce awards resulting from international or local proceedings.

CAFTA-DR establishes an investor-state dispute settlement mechanism. An investor who believes the government has breached a substantive obligation under CAFTA-DR or that the government has breached an investment agreement may request binding international arbitration in a forum defined by the Investment Chapter. Proceedings under this mechanism are generally open to the public and documents are made publicly available.

Performance Requirements and Incentives

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The Tax Equity Law (amended 2009/712) allows firms to claim an income tax credit of 1.5% of the free-on-board (FOB) value of exports. The Law of Temporary Admission for Export Promotion (2001/382) exempts businesses from value-added tax (VAT) for the purchase of machinery, equipment, raw materials, and supplies if used in export processing. Businesses must export 25% of their production to take advantage of these tax benefits. See Foreign Trade Zones/Free Trade Zones for a description of incentives for investments in free trade zones.

The Fishing and Fish Farming Law (2004/489) exempts gasoline used in fishing and fish farming from taxes. Investors in the sector must register with the Directorate General for Natural Resources in the Ministry of Development, Industry, and Trade with the Nicaraguan Fishing and Aquaculture Institute (INPESCA). This law's Article 111 was amended (2012/797) to allow individuals or companies to request a temporary permit to take advantage of unexploited or underexploited aquatic resources during closed season. Environmental regulations also apply (see Transparency of the Regulatory System).

The Forestry Conservation and Sustainable Development Law (2003/462) establishes preferential property tax rates and income tax exemptions, in addition to duty and tax exemptions, for inputs and capital goods used in forestry projects. Restrictions on the export of forest resources complicate investment in this industry (see Transparency of the Regulatory System).

The Hydroelectric Promotion Law (amended 2005/531) and the Law to Promote Renewable Resource Electricity Generation (2005/532) provide incentives to invest in electricity generation, including duty free imports of capital goods and income and property tax exemptions. Regulatory concerns limit investment despite these incentives (see Transparency of the Regulatory System). In particular, private investment in hydroelectric dams is banned from the Asturias, Apanás, and Río Viejo Rivers, and the approval of the National Assembly is required for projects larger than 30 megawatts on all other rivers.

The Special Law on Mining, Prospecting and Exploitation (2001/387) exempts mining concessionaires from import duties on capital inputs (see Transparency of the Regulatory System for additional information on the mining sector).

The Tourism Incentive Law (amended 2005/575) includes the following basic incentives for investments of \$30,000 or more outside Managua and \$100,000 or more within Managua: income tax exemption of 80% to 90% for up to 10 years; property tax exemption for up to 10 years; exoneration from import duties on vehicles; and value added tax exemption on the purchase of equipment and construction materials. The General Tourism Law (amended 2010/724) stipulates that hotel owners pay a tax of \$0.50 per customer and 2% of the rental rate per room for tourism promotion. It also imposes anti-discrimination, public health, and environmental regulations on tourism-oriented businesses.

The government owns and operates the National Sewer and Water Company (ENACAL), National Port Authority (EPN), and National Electricity Transmission Company (ENTRESA). Private sector investment is not permitted in these sectors. In sectors where competition is allowed, the government owns and operates the Nicaraguan Insurance Institute (INISER), Nicaraguan Electricity Company (ENEL), Las Mercedes Industrial Park, Nicaraguan Food Staple Company (ENABAS), and the Nicaraguan Petroleum Company (Petronic). Through the Nicaraguan Social Security Institute (INSS), the government owns a pharmaceutical manufacturing company, Laboratorios Ramos.

Many foreign investors in Nicaragua experience difficulties defending their property rights. The expropriation of 28,000 properties in Nicaragua the 1980s has resulted in a large number of claims and counter claims involving real estate. Property registries suffer from years of poor recordkeeping, making it difficult to establish a title history, although some improvements have ensued from World Bank financed projects to modernize the land administration systems in certain regions. Unscrupulous individuals have engaged in protracted confrontations with U.S. investors to wrest control of beachfront properties along the Pacific coast in the Departments of Carazo, Rivas, and Chinandega, as well as prime real estate in the cities of Managua, Granada, and Leon. Judges and municipal authorities have been known to collude with such individuals, and a cottage industry supplies false titles and other documents to those who scheme to steal land.

During the current administration, there have been reports of land invasions. President Ortega has declared on numerous occasions that the government will not act to evict those who have illegally taken possession of private property. Police often refuse to intervene in property invasion cases or assist in the enforcement of court orders to remove illegal occupants. The Embassy is working with several U.S. citizens land owners to press the Nicaraguan government to protect their right to due process.

Those interested in purchasing property in Nicaragua should seek experienced legal counsel. The Embassy maintains a list of attorneys, available at http://nicaragua.usembassy.gov/attorneys_registered_at_embassy_managua.html. The Nicaraguan investment promotion agency, PRONicaragua, also offers assistance with due diligence (<http://www.pronicaragua.org/index.php?lang=en>).

The Capital Markets Law (2006/587) provides a legal framework for securitization of movable and real property. The banking system is expanding its loan programs for housing purchases, but there is currently no secondary market for mortgages. See Efficient Capital Markets and Portfolio Investment for more information on the financial sector.

Intellectual Property Rights

CAFTA-DR made Nicaraguan standards for the protection and enforcement of intellectual property rights (IPR) consistent with U.S. and emerging international intellectual property standards. To implement the agreement, Nicaragua has strengthened its legal framework to 1) provide state-of-the-art protections for digital products such as software, music, text and videos; 2) afford stronger protection for patents, trademarks, and test data, including an electronic system for the registration and maintenance of trademarks; and 3) deter piracy and counterfeiting.

The legal regime for protection of IPR in Nicaragua is adequate, but enforcement of intellectual property law has been limited. In 2009, the Nicaraguan government focused on improving interagency cooperation on IPR enforcement against copyright and trademark infringement. The Nicaraguan government also improved its cooperation with private industry to combat IPR crimes in some areas, such as identifying vendors of pirated goods and offering training to Nicaraguan police officers. Despite Nicaragua's efforts, the U.S. continues to be concerned about the piracy of optical media and trademark violations in Nicaragua. The U.S. also has concerns about the implementation of Nicaragua's patent obligations under CAFTA-DR, including the mechanism through which patent owners receive notice of submissions from third parties, how the public can access lists of protected patents, and the treatment of undisclosed test data. The U.S. has expressed concern to the Nicaraguan government about inadequate IPR enforcement.

With the advent of the European Union Central America Association Agreement, a wave of Geographical Indications (GI's) has been registered in Nicaragua for various products of European origin. Thus far, no adverse effects on U.S. businesses have been observed due to implementation of GI obligations under the Association Agreement, although U.S. industry representatives are concerned that this could change in future as markets continue to grow.

Investors regularly complain that regulatory authorities are arbitrary, negligent, or slow to apply existing laws, at times in an apparent effort to favor one competitor over another. Lack of a reliable means to resolve disputes with government administrative authorities or business associates quickly has resulted in some disputes becoming intractable (see Dispute Settlement).

The Competition Promotion Law (2007/601) created a decentralized institution, PROCOMPETENCIA, to investigate and discipline businesses engaged in anticompetitive business practices, including price fixing, dividing territories, exclusive dealing, and product tying.

The Special Law on Inventory of Select Materials for Infrastructure (2010/730) allows the Ministry of Transportation and Infrastructure to directly negotiate the purchase of materials or land from land owners so as to lower the cost of road projects. It also allows the government to declare eminent domain when necessary. Other entities, such as the Ministry of Energy and Mines and the Ministry of Natural Resources and the Environment, may issue permits and licenses for the use of those public domain materials that are related to energy, mines, and natural resources.

The Government Procurement Law (amended 2010/737) establishes safeguards to encourage open competition among suppliers bidding on government contracts. The law states that government purchase of goods and services must be openly competed. All government purchases must be planned and approved by procurement committees within each public entity. The law allows for foreign contractors to bid on projects alongside locally registered companies. While foreign companies do not have to register locally in order to take part in the bidding process, they must present documentation from their home countries in order to prove that they are qualified bidders. If a foreign company wins a bid, it will need to register with the Nicaraguan government. CAFTA-DR also stipulates that CAFTA-DR member companies receive national treatment when bidding on government contracts. However, there are still many allegations of irregularities in the procurement process, in particular the splitting of procurements into smaller lots, an action which allows the government to use a different set of regulations that creates a less competitive bidding process. In 2013, the Nicaraguan government spent approximately \$493 million on contracted projects and purchases.

The General Law for Insurance, Reinsurance, and Bonds (2010/733) provides a legal framework for the regulation of the insurance industry and all related services, such as, but not limited to, foreign insurance companies with branches established in Nicaragua, insurance subsidiaries, reinsurance entities, warranty services, and insurance brokers. The Superintendent of Banks and Financial Institutions is responsible for authorizing, regulating and overseeing all the companies and individuals that are involved in the insurance sector. Any foreign insurance company that wishes to establish branches in Nicaragua must comply with this law and request authorization from the Superintendent before establishing a presence. The Superintendent may only approve such requests from insurance companies that have been established in their country of origin for more than five years and when there are bilateral cooperation agreements among Nicaraguan insurance authorities and corresponding authorities from the country of origin. All insurance services rendered in Nicaragua and regulated by this law must comply with antitrust principles. The law prohibits private agreements between two or more companies of this sector that may negatively affect the basis of this principle. Insurance companies, brokers, subsidiaries and all related agencies must render a fee equivalent to a percentage of their commissions to the Superintendent's Office, in virtue of contributing to the annual budget of this government office.

The Consumer Defense Law (1994/182) includes a consumer bill of rights that establishes minimum standards for product safety and quality as well as for truth in marketing. Under this law, the Consumer Defense Directorate of the Ministry of Development, Industry and Trade (MIFIC) may investigate businesses and levy fines. The Ministry of Public Health, Directorate General of Sanitary Regulation, regulates the sale of food and drugs (including cosmetics), while the Ministry of Agriculture and Forestry is responsible for plant and animal health issues (see Chapter 5 of the Country Commercial Guide: Trade Regulations, Customs, and Standards, for further information on food, drug, and consumer product regulation). Government resources to enforce these public health and safety regulations are limited, especially in informal markets.

The Directorate General of Taxation in the Ministry of Finance and Public Credit (MHCP) collects income and value-added taxes, as set forth in the Tax Code (2006/598). MHCP's Directorate General of Customs collects customs duties (see Chapter 5 of the Country Commercial Guide: Trade Regulations, Customs, and Standards for further information on customs procedures). Investors have complained of arbitrariness in taxation and customs procedures, as well as a lack of delegation of decision-making authority. Tax audits of foreign investors have increased in frequency and duration, to the point where they may hinder normal business operations. Investors also complain that customs authorities wrongly classify goods so as to boost tariff revenue. The Embassy has received numerous complaints from investors and non-governmental organizations about goods and donations being held up in customs without legal reason.

The Environment and Natural Resources Law (amended 2008/647) authorizes the Directorate General for Environmental Quality in the Ministry of Natural Resources and the Environment (MARENA), to evaluate investment plans and monitor ongoing operations to verify compliance with environmental standards. The Law on Crimes against the Environment and Natural Resources (2005/559) includes additional environmental standards. Some investors complain that MARENA takes political considerations into account in determining whether to issue an environmental permit. Budgetary constraints limit MARENA's ability to enforce environmental standards.

The Coastal Law (2009/690) provides a framework for environmental protection, public access rights, commercial activity, and property rights along the shoreline of any body of water in Nicaragua. For coastal property along the Atlantic and Pacific Oceans, the law establishes environmental and public access requirements. It recognizes beachfront property rights within this area, but gives municipalities zoning authority. The law establishes a Commission for Coastal Zone Development (CDZC) to provide technical assistance and advice to municipalities on coastal development and management, and on concessions for use of public land. Developers have expressed concern that the government implements measurement techniques outside of those stipulated by the law.

In addition to environmental regulation, mining investments are regulated under the Special Law on Mining, Prospecting and Exploitation (2001/387), which the Ministry of Energy and Mines (MEM) administers. MEM also retains the authority to grant oil and gas exploration concessions. Article 74 of this law was amended (2005/525), stating that non-metallic mining concessions must pay: for the right of extraction, for the surface rights of the mining concession, and income taxes. Concession holders cannot be compelled to pay the state for any other services and taxes.

In November 2009, the Committee on Infrastructure and Public Services in the Nicaraguan National Assembly decided to allow MEM to directly issue licenses for study, exploration, and the eventual exploitation of geothermal energy throughout the country (2009/714). These reforms to the Law of Exploration and Exploitation of Geothermal Resource (Law 433) allow MEM to negotiate directly with any investor interested in geothermal exploration without public bidding or licensing process.

The Electricity Sector Law (amended 2004/465), Energy Stability Law (amended 2008/644), and Electricity Distribution and Use Law (2008/661, amended 2010/731) establish the legal framework for the electric power sector. The Ministry of Energy and Mines Law (612/2007) sets policy for the sector and grants licenses and concessions to investors, while the Nicaraguan Energy Institute sets prices and regulates day-to-day operations. Investment in transmission and distribution is limited by law (see Right to Private Ownership and Establishment). The Renewable Source Electricity Generation Law (2005/532) establishes tax, financial and economic incentives that contribute to renewable energy development within Nicaragua, exonerating hydroelectric, geothermal, wind, and solar energy investors and producers from many taxes.

Investment in renewable energy in Nicaragua is growing, attracting an estimated \$1.7 billion in investment from 2006-2013 for wind, solar, geothermal, biomass, and hydroelectric projects. A number of new renewable energy projects are either under construction or being planned. Climatescope2013 named Nicaragua the third-best country in Latin America to invest in renewable energy trailing only Brazil and Chile. Through the Sustainable Electrification and Renewable Energy National Program (PNESER), Nicaragua is investing approximately \$425 million to expand and improve its transmission and distribution capabilities. The Inter-American Development Bank (IDB) has disbursed three loans totaling \$87.5 million for PNESER. Nicaragua has the highest electricity loss rate (approximately 21%) in Central America due to theft and technical inefficiencies in the electric grid. That loss rate has improved from 26% in 2008, but more investment in the grid is needed to bring the loss rate to an acceptable level of 8-9%.

Under CAFTA-DR, Nicaragua is committed to opening its telecommunications sector to U.S. investors, service providers, and suppliers. In practice, the sector lacks a regulatory framework that would encourage free competition. Enitel, the former state telephone company now owned by a Mexican investor and operating under the name Claro, operates all fixed lines and competes in the mobile phone, internet and cable television markets. In 2006, the Supreme Court blocked an effort by the Nicaraguan Institute for Telecommunications and Postal Service (TELCOR), which is the telecommunications regulator, to obligate Enitel-Claro to make available its telecommunications infrastructure to other fixed and mobile phone operators. Spanish owned Movistar is the second mobile phone operator in the country, and competes against Claro. In a widely criticized concession process, TELCOR awarded radio spectrum in September 2009 to Russian firm Yota which has close ties to senior government officials. In January 2013, in yet another questionable concession process, TELCOR awarded a mobile phone concession to Chinese firm Xinwei, which has yet to commence operations in Nicaragua.

competing also with five other much smaller banks. Nicaraguan banks remain highly conservative in their lending practices, and the vast majority of their portfolios are centered in Managua and a few select agricultural regions. For most Nicaraguans mired in poverty, the prospect of obtaining a loan from these institutions remains out of reach. The Foreign Investment Law allows foreign investors to access local credit. However, many investors find lower cost financing and more product variety from offshore banks. Short-term government and Central Bank bonds, issued in Córdobas but indexed to the dollar, dominate Nicaragua's infant capital market. U.S. and other foreign banks have acquired a presence in Nicaragua through the purchase of local banks.

Recent Central Bank data show that in 2013 the credit portfolio of Nicaraguan commercial banks grew by 21% compared to 2012. Credit growth was driven by personal and mortgage loans. Consumer credit in the form of personal loans was the fastest growing segment, increasing 37% compared to last year. The banking system's loan portfolio totaled \$3.34 billion as of December 2013. Interest rates on loans denominated in Córdobas averaged 13.78%; loans denominated in U.S. dollars averaged 9.04%.

Bank deposits increased by 14% in 2013, a marked increase compared to the modest 5.5% growth of 2012. As of December 2013, total deposits in the banking system had reached \$3.9 billion, of which \$2.9 billion was held in foreign currency (U.S. dollars and Euros). Interest rates on savings accounts averaged 1.37% in December 2013 for accounts denominated in Córdobas and 1.99% for accounts denominated in U.S. dollars.

The Superintendent of Banks and other Financial Institutions Law (amended 2006/576) and the General Law on Banks, Financial Institutions, Nonbank Financial Intermediaries, and Financial Conglomerates (2005/561) establish the legal framework for financial sector regulation. The Superintendent of Banks and other Financial Institutions (SIBOIF) regulates banks, insurance companies, stock markets, and other financial intermediaries. SIBOIF requires that supervised entities provide audited financial statements, prepared according to international accounting standards, on a regular schedule. The Deposit Guarantee System Law (2005/551) established the Financial Institution Deposit Guarantee Fund (FOGADE) to guarantee bank deposits up to \$10,000 per depositor, per institution.

CAFTA-DR allows U.S. financial services companies to establish subsidiaries, joint ventures, or bank branches in Nicaragua. The agreement also allows cross-border trade in financial services. Nicaragua has ratified its commitments under the 1997 World Trade Organization Financial Services Agreement. These commitments cover most banking services, including the acceptance of deposits, lending, leasing, the issuing of guarantees, and foreign exchange transactions. However, they do not cover the management of assets or securities. Nicaragua allows foreign banks to operate as 100% owned subsidiaries or as branches.

Microfinance institutions are an important source of capital for small businesses in Nicaragua. The twenty-three members of the Nicaraguan Association of Microfinance Institutions manage loan portfolios of approximately \$177 million. In July 2008, President Ortega called for Nicaraguans to halt payments on their microfinance loans and demand renegotiation of "usurious" interest rates. He reversed his position in January 2009, but many microfinance institutions report that delinquency rates increased significantly in the interim. In June 2011, the National Assembly passed legislation designed to regulate better the microfinance sector, in an attempt to encourage renewed investment. The legislation created a new regulatory body, CONAMI, which started registering microfinance institutions in 2012.

Competition from State Owned Enterprises

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President Ortega's stated objective is to implement socialism in Nicaragua, which he further defines as a mixed economy or "21st Century Socialism", guided by Christian and socialist ideals. To achieve this balance between state and private sector participation in the economy, many feared that Ortega would employ the methods of the 1980s: nationalization and price controls. Instead, he has used funds provided by Venezuela through the Bolivarian Alliance for the Americas (ALBA) to increase the role of the state and quasi-state actors in the economy. Through Petronic, Nicaragua's state-owned oil company, the government owns a 49% share in ALBA de Nicaragua (ALBANISA), the company that imports and monetizes Venezuelan petroleum products through the ALBA Energy Agreement. The state-owned Venezuelan Petroleum Company (PDVSA) owns the remaining 51% share of ALBANISA, which sets aside 50% of oil sales for use in Nicaragua, and has provided over \$3.0 billion to the Nicaraguan government through an agreement signed by President Ortega in 2007. According to the Nicaraguan Central Bank, Venezuela provided Nicaragua with over \$712 million under this scheme in 2012, and \$314 million during the first six months of 2013. President Ortega and the FSLN have used ALBANISA to purchase television and radio stations, hotels, cattle ranches, electricity generation plants and pharmaceutical laboratories.

ALBANISA's large presence in the Nicaragua economy and its ties to the Nicaraguan government put companies trying to compete in industries dominated by ALBANISA entities at a disadvantage. For example, Nicaraguan Petrol Distributor (DNP) is a state business whose stake in ALBANISA allows it to receive and distribute Venezuelan gasoline through its more than sixty gas stations. Since 2010, DNP has won at least three 'no competition' contracts with Nicaraguan government ministries leading to allegations of impropriety.

Corporate Social Responsibility

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Many large businesses have active Corporate Social Responsibility (CSR) programs that include improvements to the workplace environment, business ethics, and community developing projects. The Nicaraguan Union for CSR (UniRSE), which includes 66 companies, is working to create more awareness for CSR in Nicaragua. UniRSE organizes events and studies best practices throughout the region. Increasingly, both Nicaraguan and foreign businesses recognize that CSR programs must go beyond compliance with environmental or labor law, but more work is needed in this area.

Political Violence

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There were some cases of political violence surrounding the 2011 national election and the 2012 municipal elections, including clashes between police and anti-FSLN protestors and violence by both pro-FSLN and anti-FSLN groups. In 2013, a senior citizen protest at the Nicaraguan Institute for Social Security (INSS) turned violent, with clashes between police and protesters, as well as between protesters and pro-government demonstrators. Numerous allegations of police abuse, including beatings and excessive force, were reported. The Nicaraguan National Police (NNP) arrested at least 15 individuals without providing an official explanation for their detention. Despite video and photographic evidence of NNP misconduct, there were no official investigations and no reported reprimands or dismissals of NNP members by year's end. Certain community members in northern towns, alleged repeated government interrogations and searches without cause, related to supposed support for alleged armed groups, while government officials claimed they were confronting common criminals. In March 2014, Nicaragua held territorial elections on the Atlantic Coast that generated politically-motivated violence including the death of one opposition supporter.

Corruption

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Corruption, including bribery, raises the costs and risks of doing business. Corruption has a corrosive impact on both market opportunities overseas for U.S. companies and the broader business climate. It also deters international investment, stifles economic growth and development, distorts prices, and undermines the rule of law.

It is important for U.S. companies, irrespective of their size, to assess the business climate in the relevant market in which they will be operating or investing, and to have an effective compliance program or measures to prevent and detect corruption, including foreign bribery. U.S. individuals and firms operating or investing in foreign markets should take the time to become familiar with the relevant anticorruption laws of both the foreign country and the United States in order to properly comply with them, and where appropriate, they should seek the advice of legal counsel.

The U.S. Government seeks to level the global playing field for U.S. businesses by encouraging other countries to take steps to criminalize their own companies' acts of corruption, including bribery of foreign public officials, by requiring them to uphold their obligations under relevant international conventions. A U. S. firm that believes a competitor is seeking to use bribery of a foreign public official to secure a contract should bring this to the attention of appropriate U.S. agencies, as noted below.

U.S. Foreign Corrupt Practices Act: In 1977, the United States enacted the Foreign Corrupt Practices Act (FCPA), which makes it unlawful for a U.S. person, and certain foreign issuers of securities, to make a corrupt payment to foreign public officials for the purpose of obtaining or retaining business for or with, or directing business to, any person. The FCPA also applies to foreign firms and persons who take any act in furtherance of such a corrupt payment while in the United States. For more detailed information on the FCPA, see the FCPA Lay-Person's Guide at: <http://www.justice.gov/criminal/fraud/>

Other Instruments: It is U.S. Government policy to promote good governance, including host country implementation and enforcement of anti-corruption laws and policies pursuant to their obligations under international agreements. Since enactment of the FCPA, the United States has been instrumental to the expansion of the international framework to fight corruption. Several significant components of this framework are the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (OECD Antibribery Convention), the United Nations Convention against Corruption (UN Convention), the Inter-American Convention against Corruption (OAS Convention), the Council of Europe Criminal and Civil Law Conventions, and a growing list of U.S. free trade agreements. This country is party to

[add instrument to which this country is party], but generally all countries prohibit the bribery and solicitation of their public officials.

OECD Antibribery Convention: The OECD Antibribery Convention entered into force in February 1999. As of March 2009, there are 38 parties to the Convention including the United States (see <http://www.oecd.org/dataoecd/59/13/40272933.pdf>). Major exporters China, India, and Russia are not parties, although the U.S. Government strongly endorses their eventual accession to the Convention. The Convention obligates the Parties to criminalize bribery of foreign public officials in the conduct of international business. The United States meets its international obligations under the OECD Antibribery Convention through the U.S. FCPA. [Insert information as to whether your country is a party to the OECD Convention.]

UN Convention: The UN Anticorruption Convention entered into force on December 14, 2005, and there are 158 parties to it as of November 2011 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention is the first global comprehensive international anticorruption agreement. The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption. The UN Convention goes beyond previous anticorruption instruments, covering a broad range of issues ranging from basic forms of corruption such as bribery and solicitation, embezzlement, trading in influence to the concealment and laundering of the proceeds of corruption. The Convention contains transnational business bribery provisions that are functionally similar to those in the OECD Antibribery Convention and contains provisions on private sector auditing and books and records requirements. Other provisions address matters such as prevention, international cooperation, and asset recovery. [Insert information as to whether your country is a party to the UN Convention.]

OAS Convention: In 1996, the Member States of the Organization of American States (OAS) adopted the first international anticorruption legal instrument, the Inter-American Convention against Corruption (OAS Convention), which entered into force in March 1997. The OAS Convention, among other things, establishes a set of preventive measures against corruption, provides for the criminalization of certain acts of corruption, including transnational bribery and illicit enrichment, and contains a series of provisions to strengthen the cooperation between its States Parties in areas such as mutual legal assistance and technical cooperation. As of December 2009, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) [Insert information as to whether your country is a party to the OAS Convention.]

Council of Europe Criminal Law and Civil Law Conventions: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and account offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on compensation for damage relating to corrupt acts, whistleblower protection, and validity of contracts, inter alia. The Group of States against Corruption (GRECO) was established in 1999 by the CoE to monitor compliance with these and related anti-corruption standards. Currently, GRECO comprises 49 member States (48 European countries and the United States). As of December 2011, the Criminal Law Convention has 43 parties and the Civil Law Convention has 34 (see www.coe.int/greco.) [Insert information as to whether your country is a party to the Council of Europe Conventions.]

Free Trade Agreements: While it is U.S. Government policy to include anticorruption provisions in free trade agreements (FTAs) that it negotiates with its trading partners, the anticorruption provisions have evolved over time. The most recent FTAs negotiated now require trading partners to criminalize “active bribery” of public officials (offering bribes to any public official must be made a criminal offense, both domestically and trans-nationally) as well as domestic “passive bribery” (solicitation of a bribe by a domestic official). All U.S. FTAs may be found at the U.S. Trade Representative Website: <http://www.ustr.gov/trade-agreements/free-trade-agreements>. [Insert information as to whether your country has an FTA with the United States: Country [X] has a free trade agreement (FTA) in place with the United States, the [name of FTA], which came into force. Consult USTR Website for date: <http://www.ustr.gov/trade-agreements/free-trade-agreements>.]

Local Laws: U.S. firms should familiarize themselves with local anticorruption laws, and, where appropriate, seek legal counsel. While the U.S. Department of Commerce cannot provide legal advice on local laws, the Department’s U.S. and Foreign Commercial Service can provide assistance with navigating the host country’s legal system and obtaining a list of local legal counsel.

Assistance for U.S. Businesses: The U.S. Department of Commerce offers several services to aid U.S. businesses seeking to address business-related corruption issues. For example, the U.S. and Foreign Commercial Service can provide services that may assist U.S. companies in conducting their due diligence as part of the company’s overarching compliance program when choosing business partners or agents overseas. The U.S. Foreign and Commercial Service can be reached directly through its offices in every major U.S. and foreign city, or through its Website at www.trade.gov/cs.

The Departments of Commerce and State provide worldwide support for qualified U.S. companies bidding on foreign government contracts through the Commerce Department’s Advocacy Center and State’s Office of Commercial and Business Affairs. Problems, including alleged corruption by foreign governments or competitors, encountered by U.S. companies in seeking such foreign business opportunities can be brought to the attention of appropriate U.S. government officials, including local embassy personnel and through the Department of Commerce Trade Compliance Center “Report A Trade Barrier” Website at tcc.export.gov/Report_a_Barrier/index.asp.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding any proposed business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general guidance to U.S. exporters who have questions about the FCPA and about international developments concerning the FCPA. For further information, see the Office of the Chief Counsel for International Counsel, U.S. Department of Commerce, Website, at http://www.ogc.doc.gov/trans_anti_bribery.html. More general information on the FCPA is available at the Websites listed below.

Exporters and investors should be aware that generally all countries prohibit the bribery of their public officials, and prohibit their officials from soliciting bribes under domestic laws. Most countries are required to criminalize such bribery and other acts of corruption by virtue of being parties to various international conventions discussed above.

Public sector corruption, including bribery of public officials, remains a major challenge for U.S. firms operating in Nicaragua. The Penal Code (amended 2007/641) and the Special Law on Bribery and Crimes Against International Trade and Foreign Investment (2006/581) define corruption offenses and establish sanctions. Offering or accepting a bribe is a criminal act punishable by a fine and a minimum three years in prison. Legislation similar to the U.S. Foreign Corrupt Practices Act makes bribery by a Nicaraguan company of a foreign official a criminal act punishable by a minimum five years in prison. The Attorney General and the Controller General share responsibility for investigating and prosecuting corruption cases. The anticorruption provisions of CAFTA-DR require each participating government to ensure under its domestic law that bribery in matters affecting trade and investment is treated as a criminal offense or subject to comparable penalties.

Anti-Corruption Resources

Some useful resources for individuals and companies regarding combating corruption in global markets include the following:

- Information about the U.S. Foreign Corrupt Practices Act (FCPA), including a "Lay-Person's Guide to the FCPA" is available at the U.S. Department of Justice's Website at: <http://www.justice.gov/criminal/fraud/fcpa>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: http://www.oecd.org/departement/0,3355,en_2649_34859_1_1_1_1,00.html. See also new Antibribery Recommendation and Good Practice Guidance Annex for companies: <http://www.oecd.org/dataoecd/11/40/44176910.pdf>.
- General information about anticorruption initiatives, such as the OECD Convention and the FCPA, including translations of the statute into several languages, is available at the Department of Commerce Office of the Chief Counsel for International Commerce Website: http://www.ogc.doc.gov/trans_anti_bribery.html.
- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in 180 countries and territories around the world. The CPI is available at: http://www.transparency.org/policy_research/surveys_indices/cpi/2009. TI also publishes an annual *Global Corruption Report* which provides a systematic evaluation of the state of corruption around the world. It includes an in-depth analysis of a focal theme, a series of country reports that document major corruption related events and developments from all continents and an overview of the latest research findings on anti-corruption diagnostics and tools. See <http://www.transparency.org/publications/gcr>.
- The World Bank Institute publishes Worldwide Governance Indicators (WGI). These indicators assess six dimensions of governance in 213 countries, including Voice and Accountability, Political Stability and Absence of Violence, Government Effectiveness, Regulatory Quality, Rule of Law and Control of Corruption. See <http://info.worldbank.org/governance/wgi/index.asp>. The World Bank Business Environment and Enterprise Performance Surveys may also be of interest and are available at: <http://data.worldbank.org/data-catalog/BEEPS>.
- The World Economic Forum publishes the *Global Enabling Trade Report*, which presents the rankings of the Enabling Trade Index, and includes an assessment of the transparency of border administration (focused on bribe payments and corruption) and a separate segment on corruption and the regulatory environment. See <http://www.weforum.org/s?s=global+enabling+trade+report>.
- Additional country information related to corruption can be found in the U.S. State Department's annual *Human Rights Report* available at <http://www.state.gov/g/drl/rls/hrrpt/>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which provides indicators for 106 countries with respect to governance and anti-corruption. The report highlights the strengths and weaknesses of national level anti-corruption systems. The report is available at: <http://report.globalintegrity.org/>.

Bilateral Investment Agreements

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Nicaragua has signed and ratified bilateral investment treaties with Argentina, Chile, the Czech Republic, Denmark, Ecuador, El Salvador, Finland, France, Germany, Italy, the Netherlands, South Korea, Spain, Switzerland, Sweden, Taiwan, and the United Kingdom. CAFTA-DR also includes an Investment Chapter.

OPIC and Other Investment Insurance Programs

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The U.S. Overseas Private Investment Corporation (OPIC) offers financing and insurance against political risk, expropriation, and inconvertibility to U.S. investments in Nicaragua. A 2004 Investment Incentive Agreement between Nicaragua and the United States expanded the range of OPIC programs available to U.S. investors in Nicaragua and streamlined investment application procedures. Nicaragua is a member of the World Bank's Multilateral Investment Guarantee Agency.

Labor

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In 2012, the Nicaraguan government estimated Nicaragua's labor force at 3.17 million, of which 2.99 million (94%) are reportedly employed. Of those employed, 31.4% work in agriculture, fisheries, and forestry, 18% in manufacturing, and 50% in services. Although unemployment is reported at only 5.9%, some nongovernment sources estimate informal employment at up to 65-70% of the total work force, and underemployment is common. Unskilled labor is widely available and relatively inexpensive, but in rural areas outward migration has resulted in labor shortages during harvest season. In 2009, the World Bank reported that 42.5% of Nicaraguans live below the poverty line.

Nicaragua has ratified all eight of the International Labor Organization's core labor conventions. The Nicaraguan Constitution, Labor Code (1995/185 and amendments), General Law on Labor Health and Safety (2007/618), and several other laws establish minimum standards for labor conditions and provide the legal framework for relations between employers and their employees. The Nicaraguan Constitution bans forced labor, slavery, and indentured servitude. The constitution also specifies that a standard work day be no more than eight hours and a standard work week no more than 48 across six days. The minimum age for employment is 14, and teenage workers between 14 and 16 must have their parents' consent in order to be employed, can only work up to six hours, and are limited to no more than 30 hours per week. The law also prohibits certain dangerous or hazardous work for workers under 18. Labor unions complain that the Ministry of Labor lacks adequate staff and resources to fully enforce these provisions.

Business, government, and labor negotiate a statutory minimum wage that the National Assembly must subsequently confirm. Each sector of the economy has a different minimum wage, which must be reviewed every six months. In March 2014, the government approved a minimum wage increase of around 10% for most sectors. The free trade zones, however, increased the minimum wage by 8% in January 2014. In general, enforcement of the minimum wage takes place only within the formal sector of the economy. While the law mandates premium pay for overtime and prohibits excessive compulsory overtime, the government does not always effectively enforce these requirements.

The labor code sets forth significant benefits that increase business costs. For example, at year-end, employers must pay the equivalent of an extra month's salary. Other benefits include maternity leave, medical care, death and survivor's benefits, pensions, and workers compensation for disability. Upon termination of an employee, the employer must pay a month's salary for each year worked, up to five months' salary. Some business groups say that the five-month limit provides workers with an incentive to seek dismissal once they have completed five years with a firm.

In October 2012, the National Assembly passed a revised Procedural Labor and Social Security Code, which includes significant changes to the labor justice system. The law, which came into effect in May 2013, introduces oral testimony, simplifies judicial proceedings, creates specialized labor judges, sets a timeline within which cases must be resolved, and establishes a minimum value for a labor dispute to move to court. The reforms aim to streamline the filing process while reducing the small claims burden on labor courts. Nicaraguan law grants public and private sector workers, except those in the military and police, the right to organize. Workers need not advise the employer or the Ministry of Labor of their intention to do so. In general, workers exercise the right to organize unhindered. However, burdensome and lengthy labor code conciliation procedures sometimes impede workers' ability to call strikes. During a strike employers cannot hire replacement workers. However, unions allege that this practice is common.

If a strike continues for 30 days without resolution, Nicaragua's Ministry of Labor (MITRAB) has the authority to suspend the strike and send the matter to arbitration. In the past, MITRAB has declared strikes illegal, even when workers followed legal strike procedures. The International Labor Organization continued to note that this provision limits the right to strike and called for the law to be amended. Labor activists and NGOs alleged that employers routinely violated collective bargaining agreements and labor laws with impunity. Although employers are legally required to reinstate workers fired for union activity, formal reinstatement requires a judicial order which can be difficult to obtain because of a lengthy appeals process. In practice, employers often do not reinstate workers because the law is poorly enforced. Employers may dismiss any employee, including union organizers, by agreeing to pay doubly the legally mandated severance pay.

The law provides for the right to bargain collectively and for several unions, each with different membership, to coexist at any one enterprise. Employers may sign separate collective bargaining agreements with each union. Independent labor leaders complain that employers often violate collective bargaining agreements and Nicaraguan labor laws. They also complain that employers use company unions to disrupt the organization of independent unions. Sporadic strikes have occurred, especially in the transportation sector. Division among labor unions along political lines complicates the resolution of these strikes and other labor issues.

Foreign-Trade Zones/Free Ports

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The Nicaraguan government reported that as of November 2013, there were 174 companies operating in the free trade zones (FTZs) throughout Nicaragua and a total of 45 industrial parks, creating over 100,000 jobs. Most free zones are in Managua and approximately 60% belong to the textile and apparel sector.

In addition to export incentives and duty free capital imports granted by the Tax Equity Law of Temporary Admission for Export Promotion, the Free Trade Zones for Industrial Exports Decree (1991/46 and amendments) provides a 10-year income tax exemption for Nicaragua and foreign investments in FTZs. The National Free Trade Zone Commission of Nicaragua (CNFZ) administers the FTZ regime. The CNFZ requires a deposit to guarantee that final salaries and other expenses be paid if a company goes out of business.

Foreign Direct Investment Statistics

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TABLE 2: Key Macroeconomic data, U.S. FDI in host country/economy

	Nicaraguan Central Bank		USG or international statistical source		USG or international Source of data (Source of Data: BEA; IMF; Eurostat; UNCTAD, Other)
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) <i>(Millions U.S. Dollars)</i>	2012	\$10.51 billion	2012	\$10.51 billion	http://www.worldbank.org/en/country
Foreign Direct Investment	ProNicaragua (the Nicaraguan Investment Promotion Agency)		USG or international statistical source		USG or international Source of data: BEA

U.S. FDI in partner country <i>(Millions U.S. Dollars, stock positions)</i>	2012	\$121 million	2012	\$219 million	www.bea.gov
--	------	------------------	------	------------------	--

* Provide sources of host country statistical data used.

Contact Point at Post

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- **Embassy Managua – Commercial Services**
- **Km 5½ Carretera Sur, Managua, Nicaragua**
- **(505) 2252-7100**
- **ManaguaEcon@state.gov**

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Chapter 7: Trade and Project Financing

- [How Do I Get Paid \(Methods of Payment\)](#)
- [How Does the Banking System Operate](#)
- [Foreign-Exchange Controls](#)
- [U.S. Banks and Local Correspondent Banks](#)
- [Project Financing](#)
- [Web Resources](#)

How Do I Get Paid (Methods of Payment)

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For commercial transactions, requiring cash in advance or negotiating a letter of credit is advisable until a payment track record is well established.

How Does the Banking System Operate

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See [Chapter 6: Investment Climate Statement](#) for an overview of the financial sector.

Foreign-Exchange Controls

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There are no foreign exchange controls. See [Chapter 6: Investment Climate Statement](#) for an overview on foreign currency transactions.

U.S. Banks and Local Correspondent Banks

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The following banks in Nicaragua have correspondent relationships with banks operating in the United States:

- [Banco de América Central \(BAC\)](#)
Edificio BAC, Km 4 ½ Carretera a Masaya
Tel: 505-2274-4444
Fax: 505-2274-4441
- Banco LAFISE [BANCENTRO](#)
Centro Lafise, Km 5 ½ Carretera a Masaya
Tel: 505-2278-0803
Fax: 505-2278-6001
Email: info@bancentro.com.ni
- [Citibank](#)
Suc. Plaza España, Rotonda El Güegüense 20 vrs. al Oeste, Managua
Tel: 505-2255-8000
- [Banco de la Producción \(BANPRO\)](#)
Centro Corporativo BANPRO, Rotonda El Güegüense 1c. al Este
Tel: 505-2255-9595
Email: soluciones@banpro.com.ni
- [Banco de Finanzas \(BDF\)](#)
Suc. Bolivar, Esquina opuesta Hotel Crowne Plaza, Managua
Tel: 505-2240-3001
- [Banco ProCredit](#)
Casa Matriz, Avenida Jean Paul Genie
Tel: 505-2255-9191
Fax: 505-2255-1670

Project Financing

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Long-term financing is generally available as international banks introduce new products to the local market. Average loan rates are generally much higher than those available to U.S. businesses from banks outside Nicaragua. Loans are available both in dollars and córdobas, the local currency. Significant collateral is required to borrow locally, which may pose a constraint for businesses that lack assets in Nicaragua. Real estate mortgages are issued for terms of up to 20 years. The equity market is extremely thin and not a reliable source of project financing.

The [U.S. Overseas Private Investment Corporation](#), [Export-Import Bank of the United States](#), and the [U.S. Trade and Development Agency](#) are potential sources of project financing. The World Bank [International Finance Corporation](#), the [Multilateral Investment Guarantee Agency](#), the [Inter-American Development Bank](#), and the [Central American Bank of Economic Integration](#) are also potential sources of project finance in Nicaragua.

Web Resources

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/cc/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

(Insert a link to the applicable Multilateral Development Bank here and any other pertinent web resources.)

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Chapter 8: Business Travel

- [Business Customs](#)
- [Travel Advisory](#)
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- [Local Time, Business Hours and Holidays](#)
- [Temporary Entry of Materials and Personal Belongings](#)
- [Web Resources](#)

Business Customs

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Business customs in Nicaragua, while often based on personal relationships, are relatively straightforward. Many Nicaraguan executives have been educated in the United States and are familiar with U.S. business customs. Business lunches can last longer than an hour and are a good way to build a personal relationship. Open-collar attire is acceptable for most meetings, but Nicaraguans accustomed to dealing with foreigners may dress more formally. Nicaraguans may arrive late for scheduled appointments, but concern for punctuality is improving. Businesses remain open at midday, but executives are often unavailable between noon and 2:00 p.m. Most business people rely heavily on cellular phones and will continue to receive and place calls during meetings.

Travel Advisory

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For up-to-date information on safety and security issues related to travel to Nicaragua, see U.S. Department of State, Bureau of Consular Affairs, [Nicaragua: Country Specific Information](#).

Visa Requirements

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The [Immigration Office](#) in the Ministry of Interior is the definitive source for visa requirements for Nicaragua.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security evaluations are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website: <http://travel.state.gov/visa/>

The Consular Section of the U.S. Embassy in Managua: <http://nicaragua.usembassy.gov/service.html>

Telecommunications

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Communication with the United States is readily available through major U.S. long-distance carriers; however calls charges are subject to the rates imposed by the respective companies. Cellular phones are far more common than landlines. In cellular phone service, Claro competes with Telefónica Móvil of Spain (operating under the "Movistar" brand). Both companies also offer mobile internet access. In 2009, Yota, a Russian mobile broadband services provider, became the third mobile internet provider to enter the high-speed internet market. Wi-Fi access is common in major hotels and U.S. and Nicaragua uses the same and plugs as are used in the U.S.

Transportation

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U.S. airlines operate several daily roundtrip flights from the United States to Nicaragua, including American (Miami), United (Houston), Delta (Atlanta), and Spirit (Fort Lauderdale). Central American airline TACA operates flights to the United States through San Salvador, El Salvador. Most hotels offer airport shuttle services for their guests. Visitors commonly drive rental cars and a U.S. driver's license is valid for 60 days. Taxicab services within the perimeter of

business class hotels are reliable, though robberies involving non-hotel taxis are common. Public transit is not recommended.

Information on transportation safety is available from the U.S. Department of State, Bureau of Consular Affairs, [Nicaragua: Country Specific Information](#).

Language

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The official language of Nicaragua is Spanish, but some in business and in the government speak English as a second language. English is also widely spoken as a first language on the Atlantic coast and on Corn Island, as well as a number of indigenous languages.

Health

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For up-to-date information on health concerns related to travel in Nicaragua, see U.S. Department of State, Bureau of Consular Affairs, [Nicaragua: Country Specific Information](#).

Local Time, Business Hours, and Holidays

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The following holidays are observed in Nicaragua:

- New Year's Day: January 1
- Holy Thursday: Variable (April 2, 2015)
- Good Friday: Variable (April 3, 2015)
- Labor Day: May 1
- Sandinista Revolution Day: July 19
- Festival of Santo Domingo (Managua only): August 1 and 10
- Battle of San Jacinto: September 14
- Independence Day: September 15
- Immaculate Conception Day: December 8
- Christmas Day: December 25

It is customary for the government and most private businesses to close for the entire week before Easter Sunday, known as "Semana Santa." Similarly, most government offices and private businesses close between Christmas and New Year's Day. When a holiday falls on a weekend, the government may declare a day off for government workers the preceding Friday or following Monday to create a three-day weekend, but the decision is often announced on short notice.

Temporary Entry of Materials and Personal Belongings

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The Nicaraguan Customs Authority does not apply import charges or duties to goods such as laptop computers, professional equipment, or exhibit materials brought into Nicaragua for temporary personal or professional use. Business samples ordinarily may be brought in free of duty as well. See the Temporary Entry Section of [Chapter 5 of the Country Commercial Guide: Trade Regulations, Customs, and Standards](#) for more information.

Web Resources

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- [Nicaragua: Country Specific Information](#)
- [The Immigration Office in the Ministry of Interior](#)
- [State Department Visa Website: http://travel.state.gov/visa/](http://travel.state.gov/visa/)
- [The Consular Section of the U.S. Embassy in Managua: http://nicaragua.usembassy.gov/service.html](http://nicaragua.usembassy.gov/service.html)
- [The Nicaraguan Institute for Telecommunications and Postal Service \(TELCOR\)](#)

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Chapter 9: Contacts, Market Research and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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[Economic/Commercial Section](#)

Km. 5½ Carretera Sur

Phone: 011 (505) 2252-7100

Fax: 011 (505) 2252-7229

Email: managuaecon@state.gov

[Consular Section](#)

Km. 5 ½ Carretera Sur

Phone: 011 (505) 2252-7100

Fax: 011 (505) 2252-7250

Nicaraguan Government

Branches of Government

- [Office of the President](#)
- [National Assembly](#)
- [Supreme Court](#)
- [Supreme Electoral Council](#)

Trade and Investment

- [Ministry of Development, Industry, and Trade](#)
- [Export Transaction Center](#)
- [National Free Trade Zone Commission](#)
- [ProNicaragua - Investment Promotion Agency](#)
- [Nicaraguan Tourism Institute](#)

Agriculture and Rural Development

- [Ministry of Agriculture and Forestry](#)
- [National Forestry Institute](#)

Finance and Banking

- [Central Bank](#)
- [Superintendent of Banks and Other Financial Institutions](#)
- [Ministry of Finance](#)

Transportation and Infrastructure

- [Ministry of Transportation and Infrastructure](#)
- [International Airport Administration](#)
- [National Ports Authority](#)

- [Nicaraguan Energy Institute](#)
- [TELCOR - Telecommunications Regulator](#)

Labor Issues

- [Ministry of Labor](#)

Health and Environment

- [Ministry of Health](#)
- [Ministry of Environment and Natural Resources](#)

Business Associations

The U.S. Embassy actively engages with the local business community in support of U.S. commercial interests, particularly through the [American Chamber of Commerce of Nicaragua](#).

Other local chambers of commerce and business associations include:

- [Chamber of Industries of Nicaragua](#)
- [Chamber of Commerce of Nicaragua](#)
- [Association of Producers and Exporters of Nicaragua](#)
- [Federation of Nicaraguan Business Associations](#)
- [National Chamber of Tourism of Nicaragua](#)
- [Center for Exports and Investments](#)

Market Research

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To view market research reports produced by the U.S. Commercial Service please go to the following website: <http://www.export.gov/mrktresearch/index.asp> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents/index.asp>

(Add link to trade events section of local buyusa.gov website here or just delete this text.)

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Chapter 10: Guide to Our Services

The President's National Export Initiative marshals Federal agencies to **prepare U.S. companies to export successfully, connect them with trade opportunities** and **support them once they do have exporting opportunities**.

The U.S. Commercial Service offers customized solutions to help U.S. exporters, particularly small and medium sized businesses, successfully expand exports to new markets. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers
- Gain access to the full range of U.S. government trade promotion agencies and their services, including export training and potential trade financing sources

To learn more about the Federal Government's trade promotion resources for new and experienced exporters, please click on the following link: www.export.gov

For more information on the services the U.S. Commercial Service offers to U.S. exporters, please click on the following link: (Insert link to Products and Services section of local buyusa.gov website here.)

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRAD(E)**.

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.

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