



Doing Business in Nicaragua: 2015 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 boasts a young population with roughly 70% of its people under the age of 35. Nicaraguan consumers are familiar with U.S. products and brands, which are viewed favorably for high quality.
- Nicaragua's gross domestic product (GDP) increased by an estimated 4.7% in 2014, due largely to increased foreign direct investment (FDI), external demand, domestic consumption, and remittances. Inflation in 2014 was 6.5%. The Central Bank of Nicaragua forecasts GDP growth of 4.5 to 5% in 2015.
- 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. 100% of U.S. exports of consumer and industrial goods now enter Nicaragua duty-free. Tariffs on most U.S. agricultural products will be phased out by 2024, 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 trade zone exports). U.S. exports to Nicaragua totaled \$1.014 billion in 2014, including machinery, donated goods, electric machinery, vehicles, oils and fats, cereals, and cotton yarn. Nicaraguan exports to the United States were \$3.1 billion in 2014, including knit apparel, electrical machinery, woven apparel, meat, coffee, precious metals, and tobacco. 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 2014 foreign investment inflows were \$1.43 billion, up from \$1.39 billion in 2013. The Economic Commission Latin American and the Caribbean (ECLAC) estimated FDI at \$775 million for 2014. ProNicaragua reports gross FDI figures whereas ECLAC 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 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% live below the poverty line. Family remittances, \$1.14 billion in 2014, 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 Nicaraguan government 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 2014-2015 ranked Nicaragua 99 out of 144 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 is an opportunity 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: food processing and packaging equipment; hotel and restaurant equipment; construction; education; rice; soybean meal and cakes; soybean oil; 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 Caribbean coast is often required to ensure nationwide coverage.
- A local lawyer should be consulted to determine the pros and cons of various types of 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 Halleslevens 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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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 and Services 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 Nicaraguan government 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 [2015 World Bank Doing Business Report](#) estimated that the process takes 13 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.

Direct Marketing

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No specific law or regulation governs direct marketing. Some consumer product companies report successful direct selling campaigns. 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 Nicaraguan government 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.

More than 1,000 wholesalers operate in Nicaragua. PriceSmart operates one retail warehouse store in Managua, but also sells wholesale. PriceSmart plans to open an additional warehouse store in Managua in late 2015. There are four major supermarket chains in Nicaragua: Palí, Maxi-Palí, La Unión, and La Colonia. Wal-Mart Central America operates the mid-range Palí and Maxi-Palí, and upscale La Unión stores. La Colonia is a local chain of supermarkets located in Managua, Granada, Estelí León 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 3,282 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 20,615 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 Caribbean coast seaports of [Puerto Cortés](#) in Honduras and [Puerto Limón](#) in Costa

Rica. There are no paved roads linking the Pacific and the Caribbean 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 Caribbean 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, bridges, and a canal linking the two coasts (with port facilities at either end), 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 Caribbean coast each have a small commercial airport.

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

Selling Factors/Techniques

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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 is 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 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 continues to be limited, although growing, especially through social media.

Pricing

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In January 2013, the [Harmonized Tax Law \(2012/822\)](#) came into force, which was an effort to improve, modernize and simplify the local tax system. There are three main sources of taxes in Nicaragua: income tax (IR), a value-added tax (IVA), and a selective consumption tax (ISC). The Nicaraguan fiscal year runs from January 1 to December 31.

Income tax (IR) has three different categories: a) employment income, b) income from economic activities and c) capital income. Nicaragua applies a graduated income tax with rates from 10 to 30%. In addition, individual and corporate taxpayers, whose income originates from industries such as agriculture, cattle ranching, forestry, fishing, mining, manufacturing, construction, hotels, restaurants, financial services, and others, are subject to a 1% minimum tax on gross sales.

A value added tax (IVA) of 15% applies to the sale of many goods and services. There are some exceptions such as certain food products, medicine, and some agricultural products.

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).

Commodity transactions on the Nicaraguan exchange market are subject to 1.5% tax.

Based on [Consumers' Rights Protection Law \(2013/842\)](#), the Nicaraguan Ministry of Development, Industry and Trade regulates maximum prices for retail and wholesale generic and branded pharmaceutical 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

Sales Service/Customer Support

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

Protecting Your Intellectual Property

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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 may be protected differently in Nicaragua than in the United States. Third, rights must be registered and enforced in Nicaragua, under local laws. For example, 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.

Granting patents is generally based on a first-to-file [or first-to-invent, depending on the country], first-in-right basis. Similarly, registering trademarks is based on a first-to-file [or first-to-use, depending on the country], first-in-right basis, so you should consider how to obtain patent and trademark protection before introducing your products or services to the Nicaraguan market. It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government 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 attorneys registered with U.S. Embassy Managua](#).

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 in a mistaken belief that the U.S. government 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 responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. 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 visit www.STOPfakes.gov.
- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the U.S. Patent and Trademark Office (USPTO) at: **1-800-786-9199**, or visit <http://www.uspto.gov/>.
- For more information about registering for copyright protection in the United States, contact the U.S. Copyright Office at: **1-202-707-5959**, or visit <http://www.copyright.gov/>.
- For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the STOPfakes website at <http://www.stopfakes.gov/resources>.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: www.stopfakes.gov/businesss-tools/country-ipr-toolkits. The toolkits contain detailed information on protecting and enforcing IP in specific markets and also contain contact information for local IPR offices abroad and U.S. government officials available to assist SMEs.
- The U.S. Department of Commerce 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 risks 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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- [National Electricity Company \(ENEL\)](#)
- [Government Procurement Law](#)
- [Municipal Procurement Law](#)
- [Ministry of Finance Procurement Office](#)
- [NICARAGUACOMPRA](#)
- [Puerto Cortés](#)
- [Puerto Limón](#)
- [Puerto de Corinto](#)
- [Sandino International Airport](#)
- [World Fact Book](#)
- [Electronic Commerce](#)
- [Director General of Technology](#)
- [Ministry of Finance and Public Credit](#)
- [Nicaraguan Institute for Telecommunications and Postal Service \(TELCOR\)](#)
- [Harmonized Tax Law \(2012/822\) Consumers' Rights Protection Law \(2013/842\)](#)
- [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

Commercial Sectors

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- [Hotel and Restaurant Equipment](#)
- [Building Products/Construction Equipment](#)
- [Education and Training Services](#)

Agricultural Sectors

- [Rice](#)
- [Soybean Meal and Cake](#)
- [Soybean Oil](#)
- [Wheat](#)
- [Yellow Corn](#)

Food Processing and Packaging Equipment

Overview

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Unit: USD thousands

	2013	2014
Total Market Size	64,099	67,308
Total Local Production	N/A	N/A
Total Exports	727	618
Total Imports	64,826	67,926
Imports from the U.S.	17,918	21,454
Exchange Rate: 1 USD	24.7228	27.11

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Center for Export and Investment (CEI)

- N/A is used to denote information that is not available
- 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.

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Foreign Agricultural Service

www.fas.usda.gov

PACKEXPO 2015: September 28–30 Las Vegas, Nevada - packexpo.com

Hotel and Restaurant Equipment

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Unit: USD thousands

	2013	2014
Total Market Size	11,159	10,272
Total Local Production	N/A	N/A
Total Exports	35,754	43,644
Total Imports	46,913	53,916
Imports from the U.S.	6,642	10,209
Exchange Rate: 1 USD	24.7228	27.11

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Center for Export and Investment (CEI)

- N/A is used to denote information that is not available
- 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 2014, according to the Nicaraguan Ministry of Tourism (INTUR), Nicaragua received 1.3 million tourists, generating \$445 million in revenue. Consequently, there is also an increased demand for hotel and restaurant equipment.

Sub-Sector Best Prospects

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

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

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

Building Products/Construction Equipment

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Unit: USD thousands

	2013	2014
Total Market Size	173,587	209,877
Total Local Production	N/A	N/A
Total Exports	17,155	16,899
Total Imports	190,742	226,776
Imports from the U.S.	51,564	51,413
Exchange Rate: 1 USD	24.7228	27.11

Total Market Size = (Total Local Production + Total Imports) – (Total Exports)

Data Sources: Center for Export and Investment (CEI)

- N/A is used to denote information that is not available
- 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.

Nicaragua's construction industry is currently experiencing significant growth. There are a few major projects that might spur additional growth for this industry, such as the construction of new hospitals, hotels, roads and a continuous demand for housing projects. The Nicaraguan Housing Construction Chamber estimates the country has a housing deficit of more than 500,000 homes, mostly for low- and middle-income families. Developers have recognized this demand and invested in low-income housing during the past few years, particularly in Managua.

Sub-Sector Best Prospects

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Construction equipment such as tractors, excavating machines, asphalt mixers, and dump trucks remains in high demand. There is also demand for construction materials. There are also good opportunities for steel and for building materials found in hardware stores including tools, decorative items and bathroom fixtures.

Opportunities

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[The Ministry of Transportation](#) has announced its intentions to improve, maintain and upgrade current infrastructure, creating opportunities in the construction industry. Additionally, the Nicaraguan government announced plans to build an interoceanic canal in 2013. For more information please see Chapter 6: the Investment Climate Statement Summary.

The growth of the tourism industry will require new infrastructure, including hotels and roads. A housing shortage in all categories will continue to contribute to the demand for construction. The construction of retail space also drives demand for equipment and materials. [The Nicaraguan Housing Chamber](#) and [Nicaraguan Construction Chamber](#) represent private sector participation in this industry.

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- [The Ministry of Transportation](#)
- [Nicaraguan Housing Chamber](#)
- [Nicaraguan Construction Chamber](#)

Education and Training Services

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	2010/2011	2011/2012	2012/2013	2013/2014
Number of Nicaraguan students studying in the United States	434	363	434	437
% Change from Previous Year	13.3%	-16.4%	19.6%	0.7%

Data Source: *Open Doors 2014, 2013, 2012, 2011*

According to [EDUQUEMOS](#), an education-focused organization, there are more than 200,000 university students in Nicaragua. Universities in Nicaragua are becoming more open to internationalizing their programs by developing collaborative programs with foreign universities. Study and work experiences gained in foreign countries are accepted by 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 % 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.

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English language instruction is in high demand.

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- Education USA
- FUNIDES
- EDUQUEMOS

Rice

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Unit: USD thousands

	2012	2013	2014
Total Market Size	142,700	162,979	166,947
Total Local Production	104,400	117,500	117,900
Total Exports	2,300	8,381	8,514
Total Imports	40,600	53,860	57,561
Imports from the U.S.	22,400	5,070	2,660
Exchange Rate: 1 USD	23.5467	24.7228	27.11

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
- The value of local production was calculated with an average price defined for each year.
- Domestic rice production is expected to grow by 6% in 2014.

Opportunities

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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 Tariff Rate Quota (TRQ) for rice that expands gradually and will eliminate tariffs and quotas on rice in 2024.

Web Resources

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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.

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Unit: USD thousands

	2012	2013	2014
Total Market Size	37,600	41,538	39,285
Total Local Production	N/A	N/A	N/A
Total Exports	0	0	0
Total Imports	37,600	41,538	39,285
Imports from the U.S.	37,600	37,562	27,539
Exchange Rate: 1 USD	23.5467	24.7228	27.11

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

	2012	2013	2014
Total Market Size	52,700	38,357	50,059
Total Local Production	N/A	N/A	N/A
Total Exports	49,600	41,479	58,126
Total Imports	52,700	38,357	50,059
Imports from the U.S.	45,900	19,497	37,800
Exchange Rate: 1 USD	23.5467	24.7228	27.11

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.

Opportunities

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Since 2008, there has been a 128% increase in Nicaraguan soybean oil imports by volume, from 21,313 metric tons in 2008 to 48,772 MT in 2014. The Nicaraguan oil refining industry blends imported soybean oil with local palm oil for local consumption. Nicaragua also re-exports soybean oil to Venezuela.

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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

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Overview

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Unit: USD thousands

	2012	2013	2014
Total Market Size	55,300	86,900	55,798
Total Local Production	N/A	N/A	N/A
Total Exports	2,500	0	4,806
Total Imports	57,800	86,900	60,604
Imports from the U.S.	17,900	31,156	13,107
Exchange Rate: 1 USD	23.5467	24.7228	27.11

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.

Opportunities

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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.

Overview

Unit: USD thousands

	2012	2013	2014
Total Market Size	43,400	33,027	40,759
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	43,400	33,027	40,759
Imports from the U.S.	30,600	14,442	29,106
Exchange Rate: 1 USD	23.5467	24.7228	27.11

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.

Sub-Sector Best Prospects

Yellow corn is used as a primary ingredient in livestock feed, particularly in poultry feed.

Opportunities

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 and quotas 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 2015. The [Nicaraguan Customs Authority](#) maintains an [online database](#) of import tariffs, including tariffs applicable under CAFTA-DR.

Under the CAFTA-DR, 100% of U.S. consumer and industrial goods now enter Nicaragua duty free. 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 2024, 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 say customs officials regularly assess exorbitant fines for minor administrative discrepancies on paper work. In some cases, shipments are held for days, weeks, or months with no justification provided by customs

agents. Other issues include arbitrary denials of import permits for products with no justification. Most cases that come to the Embassy's attention are for products that are sensitive to the Nicaraguan economy. The U.S. Embassy rarely has success in obtaining information from the Nicaraguan Customs Authority concerning these cases.

The Nicaraguan 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.

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.

Nicaraguan Import 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:

Ministry of Health

[Pharmaceutical Division](#)

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

lnccm-cndrminsa@hotmail.com

Agriculture and Livestock

- The [Institute of Agricultural Protection and Safety \(IPSA\)](#), 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 Gases

- 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 applies only 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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Law 891, which is an amendment to Nicaragua's Harmonized Tax Code, prohibits the importation of vehicles that are seven years or older was passed in December 2014 and came into effect in 2015. There are several exceptions such as classic or historic vehicles, certain donated vehicles, and certain vehicles used for cargo or public transportation.

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 by submitting questions to their [website](#)

Standards

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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.

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: dtm@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. In 2010, Central American countries, including Nicaragua, signed a trade agreement with the European Union. In 2014, a partial free trade agreement came into effect between Nicaragua and Cuba.

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 ALBA member countries.

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

Web Resources

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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)
- The Secretariat for Central American Economic Integration (SIECA)

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Summary

While the Nicaraguan government seeks to increase economic growth in part by increasing foreign investment, the country's weak judicial system, land titling issues, and corruption create serious challenges for businesses operating in Nicaragua. To attract investors, Nicaragua offers investment incentives in many industries, including the forestry, mining, and tourism sectors. These include exemptions from import duties, property tax incentives, and in some cases, income tax relief. Another draw for investors is the Nicaraguan labor force, as unskilled labor is widely available and is relatively low-cost. Furthermore, Nicaragua has a comparatively young population, with 76% of the country under 39 years old.

However, potential investors should be aware of the political climate, as President Ortega has previously stated that his objective in Nicaragua is to implement a socialist form of government which he defines as a mixed economy guided by Christian and socialist ideals. To achieve this balance between state and private sector participation in the economy 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. This can put private companies trying to compete at a disadvantage. Public sector corruption, including bribery of public officials, remains a major challenge for U.S. firms operating in Nicaragua.

Additionally, U.S. investors have recently voiced concerns over their property rights in light of a proposed inter-oceanic canal. In 2013 the Nicaraguan government granted the Hong Kong Nicaragua Development Group (HKND) a 100-year concession to build the proposed canal with no competition and no opportunity for public comment. The Nicaraguan law that grants the canal concession states that property owners will be paid at "cadastral value," which U.S. investors fear will be below fair market value and in violation of the Nicaraguan government's obligations under the Free Trade Agreement between the United States, Central America, and the Dominican Republic (CAFTA-DR). U.S. Embassy Managua has reminded the Nicaraguan government of its obligations under CAFTA.

Openness to Foreign Investment

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Attitude toward Foreign Direct Investment

The Nicaraguan government seeks to attract foreign direct investment as one of its primary tools to generate economic growth and increase employment. Many of the investment incentives are designed to attract export-focused companies that require large amounts of unskilled or low-skilled labor.

Other Investment Policy Reviews

Nicaragua conducted a trade policy review through the WTO in 2013.

Laws/Regulations of Foreign Direct Investment

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.

PRONicaragua, the country's export promotion agency, along with the Nicaraguan American Chamber of Commerce and the Ministry of Trade publish a "Doing Business in Nicaragua" guide for investors available at http://www.pronicaragua.org/images/resource_library/Doing_Business_2014_2015.pdf.

Industrial Promotion

PRONicaragua actively promotes investments in the agroindustry, food processing, and information and communication sectors. PRONicaragua maintains an office in Washington D.C. and representatives travel frequently to trade fairs.

Limits on Foreign Control

Nicaragua requires foreign companies to have an in-country representative who is a legal resident of Nicaragua. Many companies satisfy this requirement by using their local legal counsel as a representative.

Privatization Program

Not applicable.

Screening of FDI

Not applicable.

Competition Law

Not applicable.

Investment Trends

According to the Nicaraguan Central Bank, foreign direct investment (FDI) has declined slightly over the past three years. Nicaragua reported USD 968 million in FDI for 2011, USD 805 million in 2012, and USD 849 million in 2013. Most of the investment is in the manufacturing sector, followed by communications, services, and mining. Notably,

investments in energy have tapered off, with just USD 53 million worth of FDI in that sector in 2013, down from 2011's USD 217 million.

In June 2013 the Nicaraguan government granted the Hong Kong Nicaragua Development Group, or HKND, a 100-year concession to build an inter-oceanic canal. The concession was awarded with no public consultation and no competition. HKND representatives have stated that the proposed canal will cost USD 50 billion and will require significant amounts of labor and construction services. HKND has made available only limited information as to the financial, technological or environmental feasibility of the project. While the U.S. government as of this writing has no official position on the canal, the U.S. Embassy in Nicaragua issued a press release expressing concern over the lack of transparency involved in the project.

Table 1

Measure	Year	Index or Rank	Website Address
TI Corruption Perceptions index	2014	133 of 175	transparency.org/cpi2014/results
World Bank's Doing Business Report "Ease of Doing Business"	2015	119 of 189	doingbusiness.org/rankings
Global Innovation Index	2014	125 of 143	globalinnovationindex.org/content.aspx?page=data-analysis
World Bank GNI per capita	2013	1,790	data.worldbank.org/indicator/NY.GNP.PCAP.CD

Conversion and Transfer Policies

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Foreign Exchange

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. 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 devalues the Córdoba against the U.S. dollar at an annual rate of 5%. The official exchange rate as of December 31, 2014, was 26.60 Córdobas to one U.S. dollar. According to the BCN, the accumulated rate of inflation for 2014 was 6.43%.

Remittance Policies

The Foreign Investment Law (2000/344) allows foreign investors to transfer funds abroad, whether dividends, interest or principal on private foreign debt, as well as royalties, and from compensation payments for declarations of eminent domain. Foreign investors also enjoy foreign currency convertibility through the local banking system.

In 2012 the local Financial Intelligence Unit (FIU) commenced operations to conduct legal, financial and accounting assessment of local financial entities. On February 27, 2015 the Financial Action Task Force (FATF), an inter-governmental body that develops policies to combat money laundering and terrorist financing, announced that because of the country's progress in such areas, Nicaragua would no longer be subject to FATF's ongoing compliance process.

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 through the administrative process established to address these claims. Although the vast majority of claims registered at the Embassy prior to 2005 have been resolved, the Embassy continues to hear accounts from U.S. citizens still seeking redress for claims arising prior to the year 1990. Claims from this period are mostly compensated in the form of fifteen-year bonds known as BPI's (Bonos de Pago de Indemnización). Newly-issued BPIs typically trade at 60-70% of face value.

The USG remains concerned about recent reports of land invasions and infringement of private property rights affecting U.S. citizens. U.S. citizens who wish to report an expropriation or confiscation of their property by government authorities may contact ManaguaPropOffice@state.gov.

In June 2013 the Nicaraguan government granted a 100-year concession to Hong Kong Nicaragua Canal Development Investment Company Limited (HKND) to seek funds to build a canal through Nicaragua. This concession included a law that allows the Canal Authority to expropriate any land needed for canal purposes. The Embassy has been contacted by a number of U.S. citizen property owners concerned that their property will be affected by the canal project. The U.S. Embassy in Managua has reminded

government officials of Nicaragua's obligation under CAFTA-DR Investment Chapter to pay prompt, adequate, and effective compensation when expropriating property for a public purpose.

Dispute Settlement

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Legal System, Specialized Courts, Judicial Independence, Judgments of Foreign Courts

Nicaragua is a civil law country in which legislation is the primary source of law. The legislative process is found in Articles 140 to 143 of the Constitution. 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.

Bankruptcy

There is no tradition or culture of bankruptcy in Nicaragua. More often than not, companies simply choose to close their operations and set up a new entity without going through a formal bankruptcy procedure, effectively leaving their creditors unprotected. For their part, creditors typically avoid a judicial procedure fraught with uncertainty and instead attempt to collect as much as they can directly from the debtor, or they simply give up on any potential claims they may have. Moreover, Nicaragua's rules on bankruptcy focus on the liquidation of business entities rather than on their reorganization. They do not provide for an equitable treatment of creditors, to the detriment of creditors located in foreign jurisdictions.

Investment Disputes

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. 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 Caribbean Autonomous Regions (RACN and RACS, 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.

International Arbitration

The Mediation and Arbitration Law (2005/540) establishes the legal framework for alternative dispute resolution. The Nicaraguan Chamber of Commerce founded Nicaragua'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.

The Nicaraguan government accepts binding international arbitration of investment disputes between foreign investors and the state. Nicaragua is party to the Inter-American Convention on International Commercial Arbitration and a member of the International Center for the Settlement of Investment Disputes (ICSID).

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.

ICSID Convention and New York Convention

Nicaragua is a member of the Convention of the Settlement of Investment Disputes between States and Nationals of Other States (ICSID). The Nicaraguan government signed the 1958 New York Convention on the recognition and enforcement of foreign arbitration awards in 2004.

Duration of Dispute Resolution

Nicaraguan bureaucratic procedures can be slow and cumbersome. U.S. investors should expect that resolutions in Nicaragua will take more time than they do in the United States.

WTO/TRIMS

The Embassy is not aware of any Nicaraguan violations of its WTO TRIMS obligations. Foreign investors in Nicaragua are not required to purchase from local sources or to export a specific %age of output, nor is their access to foreign exchange limited in proportion to their exports.

Likewise, Nicaraguan tax and customs incentives apply equally to foreign and domestic investors. Among these incentives, exporters are able to recover most import duties paid on raw materials and components incorporated into exported goods.

Investment Incentives

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. 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 USD 30,000 or more outside Managua and USD 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 USD 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.

Research and Development

Not applicable.

Right to Private Ownership and Establishment

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Any individual or entity may make investments of any kind. In general, Nicaraguan law provides equal treatment for domestic and foreign investment. There are a few exceptions imposed by specific laws, such as the Border Law (2010/749), which prohibits foreigners from owning land in certain border areas. Nicaragua allows foreigners to be shareholders of local companies, but the company's representative must be a national or a foreigner with legal residence in the country.

Protection of Property Rights

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Real Property

Many foreign investors in Nicaragua experience difficulties defending their property rights. The expropriation of 28,000 properties in Nicaragua during 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.

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.

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 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.

For additional information about treaty obligations and points of contact at local IP offices, please see WIPO's country profiles at <http://www.wipo.int/directory/en/>.

Resources for Rights Holders

A list of lawyers can be found at:

http://nicaragua.usembassy.gov/attorneys_registered_at_embassy_managua.html

Embassy POC: ManaguaEcon@state.gov

Transparency of Regulatory System

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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. 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 Government Procurement Law (amended 2010/737) establishes safeguards to encourage open competition among suppliers bidding on government contracts. 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.

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). 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 classify goods incorrectly and doubt its declared value 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. 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 Caribbean and Pacific Oceans, the law establishes environmental and public access requirements. 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.

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. 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.

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. 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.

Efficient Capital Markets and Portfolio Investment

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Existing policies allow the free flow of financial resources into the product and factor markets, as well as foreign currency convertibility. The Central Bank respects IMF Article VIII and does not impose any restrictions.

Money and Banking System, Hostile Takeovers

Among other services, local financial institutions offer commercial loans, credit lines, factoring, leasing, and bonded warehousing. BANPRO, Lafise, and BAC constitute the largest financial institutions in Nicaragua, competing with several other smaller banks.

The Foreign Investment Law allows foreign investors residing in the country to access local credit and local banks have no restriction to accept property located abroad as collateral. 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. Foreign banks have acquired a presence in Nicaragua through the purchase of local banks.

Foreigners are allowed to open bank accounts as long as they are legal residents in the country.

Recent Central Bank data show that in 2014 the credit portfolio of Nicaraguan commercial banks grew by 19.4% compared to 2013. The banking system's loan portfolio totaled USD 3.73 billion as of December 2014. Interest rates on loans denominated in córdobas averaged 12.62%; loans denominated in U.S. dollars averaged 9.31%.

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 USD 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.

Competition from State Owned Enterprises

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President Ortega 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. 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.

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.

There are few mechanisms to ensure the transparency and accountability of state business decisions. The U.S. Department of State's Fiscal Transparency report cites the need for Nicaragua to improve reporting on allocation to and from state-owned enterprises.

OECD Guidelines on Corporate Governance of SOEs

ALBANISA's President is also the Treasurer of the FSLN and vice-president of Petronic, the state oil company. The company is managed privately with no formal government oversight.

Sovereign Wealth Funds

Nicaragua does not have a sovereign wealth fund.

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 development 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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The proposed inter-oceanic canal that would cross all of Nicaragua has led to at least forty protests. Protestors blocked roads, burned tires, and in one instance threatened to light a gas tanker truck on fire. In December 2014, clashes between protestors and police turned violent and media reported that 50 protestors were injured. While political demonstrations and strikes occur sporadically, they are usually non-violent and limited to urban areas. Typically, protests in Managua take place at major intersections or rotundas. Activities observed during past protests include, but are not limited to, the use of tear gas, rubber bullets, fireworks, rock throwing, tire burning, road blocks, vehicle burning, and physical violence between members of rival political parties. Police have often been slow to respond and reluctant to interfere in violent confrontations between rival political factions.

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 in international business, for example 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 generally makes it unlawful for U.S. persons and businesses (domestic concerns), and U.S. and foreign public companies listed on stock exchanges in the United States or which must file periodic reports with the Securities and Exchange Commission (issuers), to offer, promise or make a corrupt payment or anything of value to foreign officials to obtain or retain business. 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. In addition to the anti-bribery provisions, the FCPA contains accounting provisions applicable to public companies. The accounting provisions require issuers to make and keep accurate books and records and to devise and maintain an adequate system of internal accounting controls. The accounting provisions also prohibit individuals and businesses from knowingly falsifying books or records or knowingly circumventing or failing to implement a system of internal controls. In order to provide more information and guidance on the statute, the Department of Justice and the Securities and Exchange Commission published *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, available in PDF at: <http://www.justice.gov/criminal/fraud/fcpa/guidance/>. For more detailed information on the FCPA generally, see the Department of Justice FCPA website at: <http://www.justice.gov/criminal/fraud/fcpa/>.

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 Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (negotiated under the auspices of the OECD), 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.

OECD Antibribery Convention: The Antibribery Convention entered into force in February 1999. As of January 2015, there are 41 parties to the Convention, including the United States (see <http://www.oecd.org/corruption/oecdantibriberyconvention.htm>). Major exporters China and India are not parties, although the U.S. Government strongly endorses their eventual accession to the Antibribery Convention. The Antibribery Convention obligates the Parties to criminalize bribery of foreign public officials in international business transactions, which the United States has done under U.S. FCPA. Nicaragua is not party to the OECD Antibribery Convention.

UN Convention: The UN Convention entered into force on December 14, 2005, and there are 174 parties to it as of March 2015 (see <http://www.unodc.org/unodc/en/treaties/CAC/signatories.html>). The UN Convention requires countries to establish criminal and other offences to cover a wide range of acts of corruption, from basic forms of corruption such as bribery and solicitation, embezzlement, and 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. Nicaragua is 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 January 2015, the OAS Convention has 34 parties (see <http://www.oas.org/juridico/english/Sigs/b-58.html>) and the follow-up mechanism created in 2001 (MESICIC) has 31 members (see http://www.oas.org/juridico/english/mesicic_intro_en.htm). Nicaragua is a party to the OAS Convention.

Council of Europe Criminal Law and Civil Law Conventions on Corruption: Many European countries are parties to either the Council of Europe (CoE) Criminal Law Convention on Corruption, the Civil Law Convention on Corruption, or both. The Criminal Law Convention requires criminalization of a wide range of national and transnational conduct, including bribery, money-laundering, and accounting offenses. It also incorporates provisions on liability of legal persons and witness protection. The Civil Law Convention includes provisions on whistleblower protection, compensation for damage relating to corrupt acts, and nullification of a contract providing for or influenced by corruption, 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). See http://www.coe.int/t/dghl/monitoring/greco/general/about_en.asp. As of January 2015, the Criminal Law Convention has 44 parties and the Civil Law Convention has 35 (see <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=173>; <http://conventions.coe.int/Treaty/Commun/QueVoulezVous.asp?CL=ENG&NT=174>).

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>.

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. and Foreign 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 United States provides commercial advocacy on behalf of exporters of U.S. goods and services bidding on public sector contracts with foreign governments and government agencies. An applicant for advocacy must complete a questionnaire concerning its background, the relevant contract, and the requested U.S. Government assistance. The applicant must also certify that it is in compliance with applicable U.S. law, that it and its affiliates have not and will not engage in bribery of foreign public officials in connection with the foreign project, and that it and its affiliates maintain and enforce a policy that prohibits bribery of foreign public officials. 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 reported through the Department of Commerce Trade Compliance Center "Report a Trade Barrier" Website at tcc.export.gov/Report_a_Barrier/index.asp. Potential violations of the FCPA can be reported to the Department of Justice via email to FCPA.Fraud@usdoj.gov.

Guidance on the U.S. FCPA: The Department of Justice's (DOJ) FCPA Opinion Procedure enables U.S. firms and individuals and issuers to request a statement of the Justice Department's present enforcement intentions under the anti-bribery provisions of the FCPA regarding actual, prospective business conduct. The details of the opinion procedure are available on DOJ's Fraud Section Website at www.justice.gov/criminal/fraud/fcpa and general information is contained in Chapter 9 of the publication *A Resource Guide to the U.S. Foreign Corrupt Practices Act*, at <http://www.justice.gov/criminal/fraud/fcpa/guidance/>. Although the Department of Commerce has no enforcement role with respect to the FCPA, it supplies general information 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 General Counsel, U.S. Department of Commerce, website, at <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>. 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.

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 Resource Guide to the U.S. Foreign Corrupt Practices Act*, translations of the statute into numerous languages, documents from FCPA related prosecutions and resolutions, and press releases are available at the U.S. Department of Justice's

Website at: <http://www.justice.gov/criminal/fraud/fcpa> and <http://www.justice.gov/criminal/fraud/fcpa/guidance/>

- The U.S. Securities and Exchange Commission FCPA Unit also maintains an FCPA website, at: <https://www.sec.gov/spotlight/fcpa.shtml>. The website, which is updated regularly, provides general information about the FCPA, links to all SEC enforcement actions involving the FCPA, and contains other useful information.
- General information about anticorruption and transparency initiatives, relevant conventions and the FCPA, is available at the Department of Commerce Office of the General Counsel website: <http://www.commerce.gov/os/ogc/transparency-and-anti-bribery-initiatives>
- The Trade Compliance Center hosts a website with anti-bribery resources, at <http://tcc.export.gov/Bribery>. This website contains an online form through which U.S. companies can report allegations of foreign bribery by foreign competitors in international business transactions
- 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/>.
- Information about the OECD Antibribery Convention including links to national implementing legislation and country monitoring reports is available at: <http://www.oecd.org/corruption/oecdantibriberyconvention.htm> See also Antibribery Recommendation <http://www.oecd.org/daf/anti-bribery/oecdantibriberyrecommendation2009.htm> and Good Practice Guidance Annex for companies: <http://www.oecd.org/daf/anti-bribery/44884389.pdf>.
- GRECO monitoring reports can be found at: http://www.coe.int/t/dghl/monitoring/greco/evaluations/index_en.asp
- MESICIC monitoring reports can be found at: http://www.oas.org/juridico/english/mesicic_intro_en.htm
- The Asia Pacific Economic Cooperation (APEC) Leaders have also recognized the problem of corruption and APEC Member Economies have developed anticorruption and ethics resources in several working groups, including the Small and Medium Enterprises Working Group, at <http://businessethics.apec.org/>, and the APEC Anti-Corruption and Transparency Working Group, at <http://www.apec.org/Groups/SOM-Steering-Committee-on-Economic-and-Technical-Cooperation/Working-Groups/Anti-Corruption-and-Transparency.aspx>. For more information on APEC generally, <http://www.apec.org/>.

There are many other publicly available anticorruption resources which may be useful, some of which are listed below without prejudice to other sources of information that have not been included. (The listing of resources below does not necessarily constitute U.S. Government endorsement of their findings.)

- Transparency International (TI) publishes an annual Corruption Perceptions Index (CPI). The CPI measures the perceived level of public-sector corruption in approximately 180 countries and territories around the world. The CPI is available at: <http://www.transparency.org/research/cpi/overview>. 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/research/gcr>.
- The World Bank Institute's Worldwide Governance Indicators (WGI) project reports aggregate and individual governance indicators for 215 economies over the period 1996-2013, for six dimensions of governance (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.aspx#home>. 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>. See also the World Bank Group *Doing Business* reports, a series of annual reports measuring regulations affecting business activity, available at: <http://www.doingbusiness.org/>
- The World Economic Forum publishes every two years the *Global Enabling Trade Report*, which assesses the quality of institutions, policies and services facilitating the free flow of goods over borders and to their destinations. At the core of the report, the Enabling Trade Index benchmarks the performance of 138 economies in four areas: market access; border administration; transport and communications infrastructure; and regulatory and business environment. See <http://www.weforum.org/reports/global-enabling-trade-report-2014>.
- Global Integrity, a nonprofit organization, publishes its annual *Global Integrity Report*, which typically assesses anti-corruption and good governance mechanisms in diverse countries. (The 2012 and 2013 reports covered a small number of countries as the organization focused on re-launching a modernized methodology in mid-2014.) For more information on the report, see <https://www.globalintegrity.org/global-report/what-is-gi-report/>.

Bilateral Investment Agreements

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Nicaragua has signed and ratified bilateral investment treaties with Argentina, BLEU (Belgium-Luxembourg Economic Union), Chile, the Czech Republic, Denmark, Finland, France, Germany, Italy, the Netherlands, Russian Federation, South Korea, Spain, Switzerland, Sweden, Taiwan, and the United Kingdom. CAFTA-DR and the EU Association Agreement also include 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. Nicaragua is a member of the World Bank's Multilateral Investment Guarantee Agency.

Labor

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Nicaragua's population is young and while official unemployment rates are low, underemployment is estimated to be 46% of the working population. Nicaragua lacks skilled labor and often employers import administrative or managerial employees from outside of Nicaragua.

Per Nicaraguan labor law, at year-end employers must pay an equivalent of an extra month's salary. 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 this provides an incentive for workers to seek dismissal once they have completed five years with a firm.

There are no special laws or exemptions from regular labor laws in the free trade zones.

The law provides for the right of all public and private sector workers, with the exception of those in the military and police, to form and join independent unions of their choice. Workers can exercise this right in practice, though roadblocks exist for unions not affiliated with the ruling party. In general, labor unions are allied with political parties, and clash with each other along party lines. The law provides the right to collective bargaining. A collective bargaining agreement cannot exceed two years and is automatically renewed if neither party requests its revision.

Foreign-Trade Zones/Free Ports

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The Nicaraguan government reported that in 2014, there were 193 companies operating in the free trade zones (FTZs) throughout Nicaragua and a total of 50 industrial parks, creating over 110,000 jobs. Most free zones are in Managua and approximately 40% belong to the textile and apparel sector.

In addition to export incentives and duty free capital imports granted by the Tax Harmonization Law and the Temporary Admission Law 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

	Host Country Statistical source*		USG or international statistical source		USG or International Source of Data: BEA; IMF; Eurostat; UNCTAD, Other
Economic Data	Year	Amount	Year	Amount	
Host Country Gross Domestic Product (GDP) (\$M USD)	2014	11,805	2013	11,255	www.worldbank.org/en/country
Foreign Direct Investment	Host Country Statistical source*		USG or international statistical source		USG or international Source of data: BEA; IMF; Eurostat; UNCTAD, Other
U.S. FDI in partner country (\$M USD, stock positions)			2013	211	USG Source
Host country's FDI in the United States (\$M USD, stock positions)			2013	N/A	USG Source
Total inbound stock of FDI as % host GDP	2014	7.1%			

Source: Nicaraguan Central Bank Data

Table 3: Sources and Destination of FDI

The IMF's Coordinated Direct Investment Survey does not have the data available for Nicaragua, nor is such data available from publically-available Nicaraguan government sources.

Table 4: Sources of Portfolio Investment

The IMF's Coordinated Portfolio Investment Survey does not have any data available for Nicaragua, nor is such data available from publically-available Nicaraguan government sources.

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: 505-2274-4505 Banco LAFISE
- [BANCENTRO](#)
Centro Lafise, Km 5 ½ Carretera a Masaya
Tel: 505-2278-0803
Fax: 505-2278-6001
Email: info@bancentro.com.ni
- [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: 505-2223-7676

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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Trade Finance Guide: A Quick Reference for U.S. Exporters, published by the International Trade Administration's Industry & Analysis team:
<http://www.export.gov/tradefinanceguide/index.asp>

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>

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Chapter 8: Business Travel

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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 call 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 Spain's Telefónica Móvil (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. Nicaragua uses the same plugs as the United States.

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). Many of these airlines plan to expand services between Nicaragua and the United States in 2015. Central American airline AVIANCA 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 many business contacts speak English as a second language. English is also spoken as a first language by many people on the Caribbean coast.

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 (March 24, 2016)
- Good Friday: Variable (March 25, 2016)
- 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

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. Some U.S. citizens, however, have reported that electronic equipment has been confiscated by the Nicaraguan Customs Authority.

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 and Services 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 available only to U.S. citizens and U.S. companies. Registration to the site is required, and is free.

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

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

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Chapter 10: Guide to Our Services

SelectUSA:

SelectUSA was created by President Obama in June 2011 through Executive Order 13577, as the U.S. government-wide program to promote and facilitate business investment into the United States, including foreign direct investment (FDI) and reshoring. The program is housed within the Commerce Department and coordinates investment-related resources across more than 20 federal agencies through the Interagency Investment Working Group (IIWG). SelectUSA provides services to two types of clients: investors and U.S. economic development organizations at the state and local level.

Services include:

Information Assistance:

- SelectUSA provides information to investors on the benefits of establishing operations in the United States, as well as the information needed to move investments forward. Investors can access facts, data and local contacts for the U.S. market.
- SelectUSA also works closely with state, local and regional economic developers to provide counseling on strategy, best practices, and on-the-ground intelligence from the Foreign Commercial Service network across more than 70 foreign markets.

Ombudsman Services: SelectUSA coordinates federal agencies to address investor concerns relating to a wide range of federal regulatory issues – helping them to navigate an unfamiliar system.

Investment Advocacy: U.S. state and local governments often find themselves competing with a foreign location for a project. SelectUSA can coordinate senior U.S. government officials to advocate to the investor to bring those jobs to the United States.

Promotional Platform: SelectUSA brings the power of the “USA” brand to high-profile events, such as, such as the upcoming 2015 Investment Summit, to attract investors to learn about our nation’s investment opportunities. SelectUSA organizes international Road Shows and missions to trade fairs, while also offering tailored on-the-ground assistance in more than 70 markets.

Note: SelectUSA exercises strict geographic neutrality, and represents the entire United States. The program does not promote one U.S. location over another U.S. location.

For more information on SelectUSA and services provided for investors and economic development organizations please click on the following link:
<http://selectusa.commerce.gov/>

National Export Initiative:

The President's National Export Initiative/NEXT marshals Federal agencies to provide customer service-driven services and actionable information resources that ensure American businesses are able to capitalize on expanded opportunities to sell their goods and services abroad.

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

U.S. exporters seeking general export information/assistance or country-specific commercial information can also contact **(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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