

# U.S. Country Commercial Guides



## Nicaragua 2019

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## Doing Business in Nicaragua

### Market Overview

- With a gross domestic product (GDP) of \$13.1 billion and a per capita income of \$2,082 in 2018, Nicaragua is the second-poorest country in the Western Hemisphere. Despite consistent growth from 2013-2017, following an economic crisis that began in 2018, 41% of Nicaraguans live in poverty (i.e., on less than \$2.20 per day per person). The rural poverty rate is 56%. Seventy percent of all workers earn a living in the informal sector.
- The Sandinista National Liberation Front (FSLN) has consolidated power at the expense of democratic institutions and checks and balances. The FSLN holds a supermajority in the National Assembly, which allows it to pass legislation or amend the constitution without opposition support. It also controls the Supreme Court, the Controller's Office, the Prosecutor's Office (Public Ministry), the electoral commission, the police, and it has politicized the military.
- The political crisis of 2018 sparked a renewed commitment to democracy among the Nicaraguan people, propelling groups including students, rural farmers, mothers, and other demographics that have not historically been politically active into leadership roles. The FSLN, however, has not engaged with these groups in a meaningful way resulting in the potential for continued political instability.
- The crisis is having long-term negative impact on the economy. All industries that rely on confidence (e.g., tourism, banking, construction) sharply reversed the growth trend of past years, resulting in an estimated 3.8% contraction in 2018 and an expected contraction of 7.1% for 2019.
- Nicaragua's slow-but-steady economic recovery from 1994 until 2018 demonstrates the potential for sustained growth when supported by macroeconomic stability and reforms that lend certainty to private sector investment, as well as expansionary government spending on investment and social services.
- International isolation (including sanctions) and the loss of support from international financial institutions due to the unresolved political crisis compounds existing fiscal challenges resulting in an unsustainable fiscal deficit and unserviceable deficits in the social security system. Measures to contain the twin deficits come at the cost of higher taxes, deferring investment and hurting consumption. Tax revenues are declining and the government struggles to find financing.
- Nicaraguan consumers are familiar with U.S. products and brands, which are viewed favorably for high quality.
- 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 \$1.6 billion in 2018, including computer and electronic products, textiles and fabric, food and kindred products, and machinery. Nicaraguan exports to the United States were \$3.6 billion in 2018, including knit apparel and accessories, electrical machinery, woven apparel, precious stones and agricultural products. Other important trading partners for Nicaragua include El Salvador, Costa Rica, Mexico, Venezuela, and the European Union.

- The Central Bank of Nicaragua (BCN) stated that in 2018, foreign investment inflows fell to \$359.9 million, a 53.5 percent decrease from the \$771.9 million attracted in 2017. FDI in 2019 is expected to remain low. Investments inflows had been particularly significant in the energy, industrial, communications, and commercial sectors. FDI from the United States accounted for 20 percent of the FDI from 1991 to 2015. Local wages are low by regional standards, and together with tax incentives for several economic sectors, are considered key in attracting foreign direct investments. These incentives, however, have been severely undermined by the ongoing violence, property seizures, and economic uncertainty.

## Market Challenges

- Political instability, along with the lack of transparent, consistent, and accountable institutions and bureaucracy makes Nicaragua a high-risk place to invest and do business. Inconsistent and illegal actions by Nicaraguan agencies that regulate private enterprise, the fear of property or business seizure or nationalization, and poor infrastructure discourages foreign investment. These challenges are even more significant for smaller foreign firms.
- The legal environment is very weak. Property rights, including intellectual property rights, are especially difficult to defend. The number of property expropriations, land invasions, and property confiscations have increased significantly since 2018. The judicial sector and police forces are politicized and are subject to external influence and significant corruption. Investors regularly complain that regulatory authorities and courts are arbitrary, negligent, and slow to apply existing laws, often favoring one competitor over another.
- Given the weak rule of law and lack of capable institutions, business chambers and labor unions were historically called upon to fill the void. They used a network of personal connections to resolve problems with taxes, tax exemptions, customs, permits, regulations, contracts, labor, and other issues. Since April of 2018, however, Nicaragua's model of consensus and dialogue with business chambers and labor representatives collapsed due to the ongoing civil crisis. Today, there is no reliable method to address commercial issues that may arise.
- To date, the U.S. Treasury has sanctioned seven government officials and one bank. Seeking to comply with sanctions law, companies have seen compliance costs increase. Two U.S. banks severed correspondent banking relationships in Nicaragua because of such costs. As the U.S. plans to continue sanctions until the restoration of democracy, such compliance costs may continue to rise.
- 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 excessive fines for minor administrative discrepancies. In some cases, shipments are held for weeks or months with no justification. Seaport infrastructure is limited and transport costs are high.
- The frequency, duration and scope of audits conducted by the Nicaraguan Tax Authority (DGI) on businesses has increased since April 2018. While some audits are politically motivated, others seems to be without cause. The extensive audits can take several months and require businesses to dedicate office space to the auditors. Businesses report that these factors result in significantly higher operation costs.
- For large industrial and commercial customers, electricity service in Nicaragua is the most expensive in Central America. A complicated tariff structure subsidizes some users at the expense of others, with larger consumers generally paying very steep costs. Rates are established through a political process that lacks transparency and poses challenges for long term planning.

## Market Opportunities

- The Central America – Dominican Republic – United States Free Trade Agreement (CAFTA-DR) has expanded/enhanced market opportunities for U.S. exports to Nicaragua. The agreement has also

expanded/enhanced opportunities for Nicaraguan exports to the United States, especially for meat, dairy, seafood, agricultural produce and processed foods.

- If one can navigate the significant market challenges, Nicaragua enjoys significant economic resources. It has an ecologically diverse geography, making it a desirable tourist destination. Its well-developed traditional exports production – coffee, beef, sugar and peanuts – serve as a source of foreign currency; reserves of gold and other valuable minerals; a highly organized and sophisticated private sector committed to a free economy; ready access to major shipping lanes; and a young labor force that supports the manufacturing sector.

### **Market Entry Strategy**

- U.S. citizens should be aware of - and consider strategies to mitigate - the physical, financial, and reputational risks of doing business or investing in Nicaragua.
- The use of agents and distributors is the most common way to export U.S. products and services. Face-to-face meetings are generally required to establish business relationships; U.S. companies should visit potential partners or agents prior to entering into a relationship. A local lawyer should be consulted as part of due diligence to vet potential local partners.
- Nicaragua is geographically small, but it can be challenging to access due to limited transportation infrastructure. Identifying one representative for the Pacific and central regions and another for the Caribbean coast is often required to ensure nationwide coverage.

## **Political Environment**

### Principal Government Officials

- President — Daniel Ortega Saavedra
- Vice President — Rosario Murillo
- Minister of Foreign Affairs — Denis Rolando Moncada
- 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 background information on the political and economic environment of Mauritania, please click on the following link: <https://www.state.gov/countries-areas/nicaragua/>

Government of Nicaragua Website: <http://www.elpueblopresidente.com/>

## **Selling US Products & Services**

### **Using an Agent to Sell US Products and Services**

Partnerships between U.S. and Nicaraguan businesses have been 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 have requested an International Partner Search, Gold Key Service, or a Contact List through their nearest [U.S. Export Assistance Center](#) or the [Economic Section](#) of the U.S. Embassy in Managua. In some cases, organizations such as the [American Chamber of Commerce of Nicaragua](#) may provide additional information on potential business partners.

### **Establishing an Office**

The Nicaraguan government operates a [One-Stop Shop for Investment](#) (VUI) within the Ministry of Economy, Industry and Trade (MIFIC) to streamline investment and business licensing. According to MIFIC, the process to start a business in Nicaragua takes a maximum of 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 an online business in Nicaragua.

### **Franchising**

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, Avis, Budget Rent A Car, DHL, Best Western, Holiday Inn,, and Carl's Jr. Many Nicaraguans are familiar with popular U.S. brands and have grown accustomed to U.S. fast food outlets and other services.

### **Direct Marketing**

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 and limited reliable mailing lists provide an obstacle to profitable direct marketing.

### **Joint Ventures/Licensing**

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

### **Selling to the Government**

On July 5th, the United States government sanctioned three individuals from Nicaragua who have been involved in serious human rights abuses or engaged in corruption within the government of Nicaragua under the Global Magnitsky Act (the first Nicaraguan was designated for sanctions in December 2017). On August 24th, the US Congress called for four more individuals to be investigated and sanctioned. On April 17, further sanctions were targeted against BANCORP, the subsidiary of ALBA de Nicaragua (ALBANISA), and one individual with close ties to the investment promotion agency. As a result of these actions, any property, or interest in property, of those designated within U.S. jurisdiction is blocked. U.S. persons or firms are generally prohibited from engaging in transactions with blocked persons, including entities owned or controlled by designated persons. U.S. firms should exercise caution and consult the Department of Treasury [Office of Foreign Asset Controls](#) for more information. Additionally, custom delays, tax manipulations, delayed payments and other bureaucratic red tape have been used by the Nicaraguan Government to punish and coerce the private sector to bend to Ortega's will.

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, and require 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 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 additional 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.

### **U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (Inter-American Development Bank, World Bank)**

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the Inter-American Development Bank (<http://export.gov/idb>) and the World Bank (<http://export.gov/worldbank>).

#### Web Resources

Commercial Liaison Office to the Inter-American Development Bank: <http://export.gov/idb>

Commercial Liaison Office to the World Bank: <http://export.gov/worldbank>.

Many governments finance public works projects through borrowing from the Multilateral Development Banks. Please refer to “*Project Financing*” Section in “*Trade and Project Financing*” for more information.

## Distribution & Sales Channels

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 two retail warehouse stores in Managua, and also sells wholesale. 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, upscale La Unión stores, and has two flagship Wal-Mart stores. La Colonia is a local chain of supermarkets located in Managua, Granada, Estelí, León and Chinandega and Matagalpa. There are also as many as 16,000 “mom and pop” stores and informal vendors that compete with larger retailers.

The Nicaraguan national highway network is composed of approximately 24,033 kilometers, including the 381 kilometers that make up the Pan-American Highway, which branches into other roads leading to different cities in the country. The Pan-American Highway is the main route for most terrestrial cargo and forms part of the road network interconnecting the largest cities on the Pacific side of Nicaragua. This 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. However, at times roadblocks have been used as a means of protest, which has compromised most major transportation routes, making them not consistently reliable. During major civic unrest, the roads were completely closed for several weeks, trapping trucks, drivers, and cargo.

The highway network has been substantially refurbished in recent years, including the main highways that link the capital to the Western, Central and Northern regions of the country, as well as with both international borders. The unpaved portions of the highways between Managua and the North Caribbean coast, leading to Bilwi, are more accessible during the dry season (December-April). An important secondary road exists between Managua and El Rama, the most important commercial port in the Caribbean.

On 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, one crane to handle containers, and power outlets for refrigerated containers.

The [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. There is also now an airport in Tola, Rivas for smaller private aircraft.

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

## Selling Factors & Techniques

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.

## eCommerce

### Overview

Nicaragua ranks as the country has the least internet access in Central America with only a fifth of the Nicaraguan population using the Internet, based on estimates by the CANITEL. During the protests in 2018, the government disrupted internet service in some cities. Publically available WiFi internet is unreliable and unsecure. Loss of internet access remains a concern for Nicaraguans. Nicaraguan authorities may electronically monitor individuals' activities.

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. However,

electronic commerce is still developing in Nicaragua and there are no laws or regulations restricting its use. All eCommerce businesses must be incorporated with a physical address in the country.

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.

### Current Market Trends

Although a growing middle class promises opportunities for this modern market, Nicaragua lags behind in online business. A first obstacle is lack of pertinent legislation for the sector, as the country has no legal framework regulating online transactions. While the few businesses offering online transactions generally have reliable security measures, there are no public incentives to conduct online sales initiatives and little public awareness or training available.

Nicaragua's commercial banking system is conservative and highly concentrated, restricting electronic transaction options. According to online marketing experts, commercial banks ask for up to \$10,000 in security deposits to guarantee online transactions. Some entrepreneurs use Pay-Pal and other foreign payment systems to avoid high transactions costs, but these systems are not integrated into Nicaraguan banks. Because of a lacking modern national mailing system, most Nicaraguan online stores do not offer home delivery.

Another major constraint is the size of the national market, which is still small and for the most part does not have the purchasing power to obtain credit or debit cards often needed for online purchases. According to the World Bank's global financial inclusion database (Global Findex), only 31% of adults had access to financial services in 2017 in Nicaragua.

### Social Media

During the violent repression of pro-democracy protests, social media was weaponized to feed misinformation to the public and to identify, threatened, persecute citizens involved in the protests. Whatsapp was used to disseminate pro-government rhetoric as part of social media campaigns to undermine the civic unrest in the country. Mass Facebook groups representing student movements and were hacked and all social media activity has been closely monitored. Privacy protections have eroded, as police confiscate phones during traffic stops to search through citizen's social media accounts for involvement in any protests.

Although the Nicaraguan government has encouraged broadband infrastructure projects with \$1.7 billion of foreign direct investment being injected into the telecommunications sector over the past 13 years, moderately low levels of internet penetration (20%) and the limited scope of internet usage remains a challenge to the development of the e-commerce market. 3G and 4G LTE mobile network coverage now extend to 100 percent and 42 percent of the population, respectively, and fiber optic networks extends to nearly 95 percent of municipalities in the country. Despite these gains in internet connectivity, only 2.1 million people with smartphones have internet data plans, and there are less than 212,000 fixed line connections in Nicaragua, most concentrated near populated urban areas along the Pacific coast. This is largely due to Nicaragua having the highest average subscription costs in the region for both mobile data plans and broadband services.

Of the less than one-third of Nicaraguans that subscribe to dedicated internet services, the majority of them are using the Internet primarily for social media and entertainment purposes. Most mobile phone subscribers only use software applications such as Facebook (28 percent) and WhatsApp Messenger (13 percent), both of which are typically included as part of a standard subscription or offered separately at minimal cost due to their vast popularity. Those with full internet access still spend the majority of their time accessing entertainment sites such as YouTube (12 percent) and Spotify (5 percent), or other social media platforms like Instagram (6 percent) and SnapChat (6 percent). Most Nicaraguans confine themselves to this limited scope rather than utilizing the Internet for broader information, educational (11 percent), and business purposes. As a result, most local companies do not have an incentive to develop

websites and instead use the Facebook platform to create business pages and perform digital marketing or WhatsApp groups to advertise to their target audience or communicate with their clientele. Opportunities for U.S. companies to enter Nicaragua may improve as internet penetration and digital literacy continue to increase.

CAFTA-DR's electronic commerce chapter requires nondiscriminatory, duty free treatment of digital products and encourages cooperation in numerous policy areas related to e-commerce. As electronic commerce is still developing in Nicaragua, there are currently no laws or regulations restricting its use. However, all e-commerce businesses must be incorporated with a physical address in the country. 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.

Despite the limitations, the last three years have revealed an accelerated growth in the volume of income from online sales. Social media is active and growing, with Facebook dominating the market. Nicaragua reported the largest growth in active Facebook users in the Central American region in 2017 with a penetration rate of 39.8%, up from 1.9 million users in 2016 to 2.7 million in 2017. Some local firms have succeeded in attracting large Facebook followings, including: Movistar (619,114), Banpro (613,013 followers), Claro (584,011), and Eskimo (349,359). Prior to the civic unrest, local online-marketing experts had noted that future business opportunities were likely in tourism, entertainment, nostalgic products, fashion, florists, bookstores and payments for various services, among others.

## **Trade Promotion & Advertising**

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 but growing, especially through Facebook.

## **Pricing**

The [Harmonized Tax Law \(2012/822\)](#) passed in December 2014 ([2014/891](#)) was revised in February 27, 2019 in an effort to raise revenue to cover the government's current deficit. 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 percent. In addition, individual and corporate taxpayers whose income originated from industries such as agriculture, cattle ranching, forestry, fishing, mining, manufacturing, construction, hotels, restaurants, financial services, and others, were subject to a 1% minimum tax on gross sales. This 1% minimum tax on gross sales was raised to 2% for medium-sized businesses and 3% for most large businesses under the new recently approved law.

As of July 2018, the government has failed to apply several legally established tax exonerations. Tax exoneration policy has existed since the 1950s and permits local purchases and importation of raw materials, intermediate goods, capital goods, spare parts, and parts and accessories for machinery and equipment. According to industry executives, the policy is a key competitive advantage for the country and promotes exports and consumption of locally produced goods.

A value added tax (IVA) of 15% applies to the sale of domestic and imported goods and services. The new law also extended this 15% value added tax (IVA) to previously exempt products like agriculture products (fertilizers, tractors, etc.), meats, natural beverages, dairy products, coffee, rice, some national vegetables, imported onions and potatoes, refined sugar, and oil (except for soy and palm oil).

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 60% 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 cost of goods, insurance, and freight (CIF) value.

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

Based on the 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 the Investment Climate Statement for more information.

## **Sales Service/Customer Support**

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 Intellectual Property**

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 as the laws differ. 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 in accordance with international agreements.

Granting patents registrations and registering trademarks are based on a first-to-file 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](#).

Rights holders who delay enforcing their rights on 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 lawsuit. 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 incentives 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 of Commerce](#)
- [The American Chamber of Commerce of Nicaragua](#)



- [The Superior Council of Private Enterprise in Nicaragua \(COSEP\)](#)
- [National Association of Manufacturers \(NAM\)](#)
- [International Intellectual Property Alliance \(IIPA\)](#)
- [International Trademark Association \(INTA\)](#)
- [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 United States and other countries -- call the STOP! Hotline: 1-866-999-HALT or visit [www.STOPfakes.gov](http://www.STOPfakes.gov).
- For more information about registering trademarks and patents (both in the United States 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](http://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. For more information about the IP attaché program, please visit the United States Patent and Trademark Office website.

In any foreign market companies should consider several general principles for effective management of their intellectual property. For background on these principles please link to our articles on [Protecting Intellectual Property](#) and [Corruption](#).

### IP Attaché Contact

Todd Reves, IP Attaché for Mexico, Central America and the Caribbean  
 U.S. Embassy Mexico City  
 Paseo de la Reforma 305  
 Colonia Cuauhtémoc  
 06500 México, D.F.  
 +52 55 5080-5226  
[todd.reves@trade.gov](mailto:todd.reves@trade.gov)

### Due Diligence

U.S. firms should be cautious when doing business in Nicaragua. The Nicaraguan government has publicly said the U.S. is funding the “terrorist” opposition and some U.S. contacts have been specifically targeted due to their association. U.S. firms may be subject to additional scrutiny by the Nicaraguan government under the aegis of terrorism financing and money laundering legislations. These laws may be used to investigate or interdict the assets of any businesses and persons suspected of being linked to acts of money laundering or financing terrorism, terms which the government interprets broadly and with prejudice against perceived political opponents. Furthermore, there is a significant reputational risk for Americans doing business in Nicaragua as the U.S. government continues to pursue sanctions against those involved in corruption and the violation of human rights.

Thorough due diligence can mitigate some of the risk inherent in doing business in Nicaragua. Before finalizing any contract, agreement, or relationship, 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 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 the Investment Climate Statement for more information.

### Local Professional Services

The Embassy strongly recommends hiring a [local attorney](#) to seek counsel and 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 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.

### Principal Business Associations

- [AmCham](#) – *American Chamber of Commerce in Nicaragua*
- [ANDIPROFA](#) – *Nicaraguan Association of Pharmaceutical Products Distributors*
- [ANDIVA](#) – *Nicaraguan Association of Motor Vehicle Distributors*
- [APEN](#) – *Association of Producers and Exporters of Nicaragua*
- [ANITEC](#) – *Nicaraguan Association of the Textile and Apparel Industry*
- [ASOBANP](#) – *Association of Private Banks of Nicaragua*
- [CNC](#) – *Nicaraguan Chamber of Construction*
- [CADIN](#) – *Chamber of Industries of Nicaragua*
- [CADUR](#) – *Chamber of Developers of Nicaragua*
- [CAMINIC](#) – *Nicaragua Mining Chamber*
- [CANATUR](#) – *National Tourism Chamber*
- [CANITEL](#) – *Nicaraguan Internet and Telecommunications Chamber*
- [CCSN](#) – *Chamber of Commerce and Services of Nicaragua*
- [CEN](#) – *Nicaraguan Energy Chamber*
- [COSEP](#) – *Superior Council of Private Enterprise*
- [FCNZFP](#) – *Nicaraguan Chamber of Private Free Zones*
- [UPANIC](#) – *Union of Agricultural Producers of Nicaragua*

### Limitations on Selling US Products and Services

There are no manufacturing sectors or services where only Nicaraguan citizens are allowed to own or sell, except in some very limited cases related to national security. Please see the Investment Climate Statement or contact the [Economic Section](#) for more information.

### Web Resources

- [National Electricity Company \(ENEL\)](#)
- [Government Procurement Law](#)
- [Municipal Procurement Law](#)
- [Ministry of Finance Procurement Office](#)
- [NICARAGUACOMPRA](#)
- [Empresa Nacional Portuaria](#)
- [Puerto de Corinto](#)
- [Sandino International Airport](#)

- [World FactBook](#)
- [Electronic Commerce](#)
- [Director General of Technology](#)
- [Ministry of Finance and Public Credit](#)
- [Nicaraguan Institute for Telecommunications and Postal Service \(TELCOR\)](#)
- [Harmonized Tax Law \(2012/822\)](#)
- [Nicaraguan Energy Institute](#)
- [www.StopFakes.gov](http://www.StopFakes.gov)
- [Embassy Managua Economic Section](#)



## Trade Regulations, Customs, & Standards

### Trade Barriers

In an attempt to lower the budget deficit and to punish the private sector for its participation in pro-democracy reforms and dialogue, the Nicaraguan government has utilized unjustified border procedures to delay and fine imports such as raw materials, spare parts, equipment, as well as agricultural, commercial and industrial products. Paperwork to release these key elements for the country's economic performance languishes in the office of the Customs Authority (DGA) for more than a month at a time. In early August 2018, logistics providers reported that DGA had changed its policies to review any and all cargo entering the country, now requiring full scans or physical inspections for all containers. Truckers report long delays at the borders, a function of DGA bureaucratic red tape.

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 donated goods to bureaucratic delays and arbitrary valuation. Importers and exporters report that customs officials regularly assess exorbitant fines for minor administrative discrepancies. In some cases, shipments are held for weeks or months with no justification provided by customs agents. Other issues include arbitrary denials of import permits for products with no justification. The U.S. Embassy rarely has success in obtaining information from the DGA 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 imported beverages were previously taxed on the price charged to the retailer, however, as the result of an arbitrary implementation of a tax reform passed on February 27th, 2019 by the Customs Authority (DGA), the tax on these imports has tripled.

### Import Tariff

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 among Central American countries 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. They remained in effect as of 2017, and are likely to be extended thereafter. The [Nicaraguan Customs Authority](#) maintains an [online database of import tariffs](#), including tariffs applicable under the Central America – Dominican Republic – United States Free Trade Agreement (CAFTA-DR).

Under CAFTA-DR, 100% of U.S. consumer and industrial goods 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.

### Import Requirements & Documentation

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 includes requesting authorization from the Ministry of Foreign Relations. The donating organization may wish to hire a local customs broker familiar with Nicaragua's customs procedures in order to ensure that the donation is not lost or mishandled. 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 prevent it from being auctioned.

## **Labeling/Marking Requirements**

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.

## **U.S. Export Controls**

### 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](mailto: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](mailto:lnccm-cndrminsa@hotmail.com)

Agriculture and Livestock

Nicaragua's agricultural import regulations are shared between the [Nicaraguan Institute of Agricultural Protection and Health](#) (IPSA) and the [Nicaraguan Ministry of Health](#) (MINSa). IPSA is responsible for the inspection of agricultural products at the borders and the regulation of animal feeds, agrochemicals and seeds, while MINSa regulates processed food products. A general requirement of Nicaragua's import regulations is that the importer must have an import permit prior to the importation of any shipment. Processed foods and agrochemicals also require a sanitary register number from the [Ministry of Health](#) (MINSa) and/or the [Nicaraguan Institute of Agricultural Protection and Health](#) (IPSA). Good communication between the exporter and importer is essential for a successful commercial relationship.

Telecommunications

The [Nicaraguan Telecommunications Regulator](#) (TELCOR), established in 1982, regulates the telecommunications sector in Nicaragua and operates under the authority of the General Telecommunication and Postal Services Law. Passed in 1996, this constitutional provision established an institutional and legal framework and empowers TELCOR as an autonomous entity under the guidance of the Presidency to implement regulations and monitor compliance over telecommunications and postal services. One exception is the regulation of information technology which falls under the authority of [Nicaraguan Council of Science and Technology](#) (CONICYT), which reports to the Minister Advisor to the President Omar Hallelevens, and the [Telecommunications Investment Fund](#) (FITEL). TELCOR issues import permits for radio communication equipment, cable television installation equipment, telephone switchboard equipment, and commercial radio broadcast equipment.

Containers for Liquefied and Compressed Gasses

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

Firearms

The National Police, [Firearms and Ammunition Office](#) administers an import permit system for firearms, ammunition, and explosives under the Special Law for Control and Regulation of Firearms, Ammunition, Explosives, and Related Materials (amended 2006/591). With increase civic unrest, violence and government repression of protesters it is unlikely that new import permits are issued with any ease, as the government attempts to control the flow of firearms into the country.

The United States imposes export controls to protect national security interests and promote foreign policy objectives. The United States also participates in various multilateral export control regimes to prevent the proliferation of weapons of mass destruction and prevent destabilizing accumulations of conventional weapons and related material. The U.S. Department of Commerce's Bureau of Industry and Security (BIS) administers U.S. laws, regulations and policies governing the export and reexport of commodities, software,

and technology (collectively “items”) falling under the jurisdiction of the Export Administration Regulations (EAR). The primary goal of BIS is to advance national security, foreign policy, and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. BIS also enforces anti-boycott laws and coordinates with U.S. agencies and other countries on export control, nonproliferation and strategic trade issues.

BIS is responsible for implementing and enforcing the EAR, which regulate the export, reexport, and transfer (in-country) of items with commercial uses that can also be used in conventional arms, weapons of mass destruction, terrorist activities, or human rights abuses, and less sensitive military items.

BIS’s Export Administration (EA) reviews license applications for exports, reexports, transfers and deemed exports (technology transfers to foreign nationals in the United States) subject to the EAR. Through its Office of Exporter Services, EA provides information on BIS programs, conducts seminars on complying with the EAR, and provides guidance on licensing requirements and procedures. EA’s Office of Technology Evaluation (OTE) analyzes U.S. export data on items subject to the EAR, BIS license application data, and global trade information to assess data trends. [OTE’s data portal](#) provides excerpts from statistical reports, along with data sets to enable the public to perform analyses of exports and licensing on its own.

U.S. exporters should consult the EAR for information on how export license requirements may apply to the sale of their items. If necessary, a commodity classification request may be submitted in order to obtain BIS assistance in determining how an item is controlled (*i.e.*, the item’s classification) and the applicable licensing policy. Exporters may also request a written advisory opinion from BIS about application of the EAR to a specific situation. Information on commodity classifications, advisory opinions, and export licenses can be obtained through the BIS website at [www.bis.doc.gov](http://www.bis.doc.gov) or by contacting the Office of Exporter Services at the following numbers: Washington, D.C. Tel: (202) 482-4811 Fax: (202) 482-3322 Western Regional Office Tel: (949) 660-0144 Fax: (949) 660-9347

Further information on export controls is available at: <http://www.bis.doc.gov/licensing/exportingbasics.htm>

BIS’s Export Enforcement (EE) is responsible for the enforcement of the EAR. BIS works closely with U.S. embassies, foreign governments, industry, and trade associations to ensure that exports from the United States are secure. In accordance with the EAR, BIS officials conduct site visits, also known as End-Use Checks (EUCs), globally with end-users, consignees, and/or other parties to transactions involving items subject to the EAR, to verify compliance.

An EUC is an on-site verification of a party to a transaction to determine whether it is a reliable recipient of U.S. items. EUCs are conducted as part of BIS’s licensing process, as well as its compliance program, to determine if items were exported in accordance with a valid BIS authorization or otherwise consistent with the EAR.

Specifically, an EUC verifies the *bona fides* of recipient(s) of items subject to the EAR, to include: confirming their legitimacy and reliability relating to the end use and end user; monitoring their compliance with license conditions; and ensuring such items are used and/or re-exported or transferred (in-country) in accordance with the EAR.

BIS officials rely on EUCs to safeguard items subject to the EAR from diversion to unauthorized end uses/users. The verification of a foreign party’s reliability facilitates future trade, including pursuant to BIS license reviews. If BIS is unable to verify the reliability of the company or is prevented from accomplishing an EUC, the company may receive, for example, more regulatory scrutiny during license reviews or be designated on BIS’s Unverified List or Entity List, as applicable.

BIS has developed a list of “[red flags](#),” or warning signs, intended to discover possible violations of the EAR. Also, BIS has “[Know Your Customer](#)” guidance.

BIS provides a variety of training sessions to U.S. exporters throughout the year. These sessions range from one to two day seminars and focus on the basics of exporting as well as more advanced topics. Check a [current seminar schedule](#) for a list of upcoming seminars.

BIS also provides [online training](#).

The EAR does not regulate transactions involving all U.S. goods, services, and technologies. Other U.S. Government agencies regulate more specialized exports. For example, the U.S. Department of State's Directorate of Defense Trade Controls has authority over defense articles and services. A list of other agencies involved in export control can be found on the [BIS website](#) or in Supplement No. 3 to Part 730 of the EAR.

The [EAR](#) is available on the BIS website and on the e-CFR ([Electronic Code of Federal Regulations](#)) website.

The Consolidated Screening List (CSL) is a list of parties for which the United States Government maintains restrictions on certain exports, reexports or transfers of items. The CSL consolidates a number of smaller lists of restricted parties that are maintained by a variety of U.S. Government agencies, including the Department of Commerce, as an aid to industry in conducting electronic screens of potential parties to regulated transactions. The CSL is available here: <http://apps.export.gov/csl-search> or <https://developer.trade.gov/consolidated-screening-list.html>.

## Temporary Entry

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](mailto:cnpe@mific.gob.ni).

## Prohibited & Restricted Imports

Law 2014/891, which is an amendment to Nicaragua's Harmonized Tax Code, prohibits the importation of vehicles that are ten years or older. There are several exceptions such as classic or historic vehicles, certain donated vehicles, and certain vehicles used for cargo or public transportation.

## Customs Regulations

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.

On August 4, 2015, Nicaragua ratified the [World Trade Organization's Trade Facilitation Agreement](#). The agreement contains provisions for expediting the movement, release and clearance of goods, including goods in transit. It also sets out measures for effective cooperation between customs and other appropriate authorities on trade facilitation and customs compliance issues. It further contains provisions for technical assistance and capacity building in this area.

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](#).

## Trade Standards

### Overview

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

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, through the Interior Commerce General, serves as secretariat for the commission. The Normalization and Metrology Department is in charge of managing and supervising the work of standardization and regulation at the national level.

### Conformity Assessment

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. The accredited Conformity Assessment System is made up of 16 test laboratories, 2 calibration laboratories, and 3 inspection bodies.

### Accreditation

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. Currently ONA is a signatory of multilateral recognition agreements with the Inter-American Accreditation Cooperation (IAAC) and with the International Laboratory Accreditation Cooperation (ILAC) for the testing laboratory scheme and Inspection Bodies.

The Ministry of Development, Industry and Trade, and the Standards and Metrology Office, publishes Obligatory Nicaraguan Technical Standards as well as Standards Subject to Public Consultation.

### Contact Information

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

#### Standards and Metrology Office

Telephone: 505-2248-9300 Ext. 1310/1311

Email: [dsaavedra@mific.gob.ni](mailto:dsaavedra@mific.gob.ni); or [normalizacion@mific.gob.ni](mailto:normalizacion@mific.gob.ni)

#### CODEX Alimentarius Point of Contact

Telephone: 505-2248-9300 Ext. 1314

Email: [codex@mific.gob.ni](mailto:codex@mific.gob.ni) or [normalizacion@mific.gob.ni](mailto:normalizacion@mific.gob.ni)

#### Information Center on Technical Barriers to Trade

Telephone: 2248-9300 Ext. 1314

Email: [imartinez@mific.gob.ni](mailto:imartinez@mific.gob.ni); [notificacion@mific.gob.ni](mailto:notificacion@mific.gob.ni); [normalizacion@mific.gob.ni](mailto:normalizacion@mific.gob.ni)

#### National Accreditation Office

Telephone: 505-2248-9300 Ext. 1325

Email: [agutierrez@mific.gob.ni](mailto:agutierrez@mific.gob.ni)

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

Nicaragua, along with Costa Rica, El Salvador, Guatemala, Honduras, and the Dominican Republic, signed the Central America – Dominican Republic – United States Free Trade Agreement (CAFTA-DR) 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. Additionally, Nicaragua has trade agreements with Mexico, Panama, Taiwan, Chile, and the Dominican Republic.

On 18 June 2015, six Central American countries (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama) and Korea launched negotiations towards a free trade agreement. After several rounds of negotiations, Central America and the Republic of Korea concluded terms for a free trade agreement on November 16, 2016 in Managua, Nicaragua.

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.

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 separate free trade agreements with ALBA, Bolivarian Alliance for the Peoples of Our America, member countries, Canada, Peru, and Bolivia.

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

## Licensing Requirements for Professional Services

License requirements for key professional services are not generally necessary in Nicaragua. Lawyers must be subscribed to Nicaragua's Supreme Court in order to be authorized to practice. Public notaries are also authorized by the Supreme Court for five-year periods.

## Trade Regulation Web Resources

- [Central American Common Market](#)
- [Central American Uniform Customs Code](#)
- [Secretariat for Central American Economic Integration](#)
- [Nicaraguan Customs Authority](#)
- [Nicaraguan Tax Authority](#)
- [Nicaraguan Ministry of Foreign Relations](#)
- [Nicaraguan Ministry of Health](#)
- [Nicaraguan Ministry of Agriculture](#)
- [Nicaraguan Institute for Telecommunications and Postal Service](#)
- [Nicaraguan National Police, Firearms and Ammunition Office](#)
- [Nicaraguan Ministry of Development, Industry and Trade- National Export Commission](#)
- [Nicaraguan Ministry of Development, Industry, and Trade, National Accreditation Office](#)
- [Ministry of Development, Industry and Trade, International Trade Office](#)

## **Investment Climate Statement**

The U.S. Department of State's Investment Climate Statements, prepared annually by U.S. embassies and diplomatic missions abroad, provide country-specific information and assessments of the investment climate in foreign markets. Topics include: Market barriers, business risk, legal and regulatory system, dispute resolution, corruption, political violence, labor issues, and intellectual property rights.

Visit the U.S. Department of State's [Investment Climate Statement website](#).



## Trade & Project Financing

### Methods of Payment

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

### Banking Systems

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

### Foreign Exchange Controls

There are no foreign exchange controls. See the [Investment Climate Statement website](#) for an overview of the financial sector.  
for an overview on foreign currency transactions.

### US Banks & Local Correspondent Banks

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

#### [Banco de la Producción BANPRO](#)

Centro Corporativo BANPRO, Rotonda El Güegüense 1c. al Este  
Tel: 505-2255-9595  
Email: [soluciones@banpro.com.ni](mailto:soluciones@banpro.com.ni)

#### [Banco Lafise BANCENTRO](#)

Centro Lafise, Km 5 ½ Carretera a Masaya  
Tel: 505-2278-0803  
Fax: 505-2278-6001  
Email: [info@bancentro.com.ni](mailto:info@bancentro.com.ni)

#### [Banco de América Central \(BAC\)](#)

Edificio BAC, Km 4 ½ Carretera a Masaya  
Tel: 505-2274-4100

#### [Banco de Finanzas \(BDF\)](#)

Suc. Bolivar, Esquina opuesta Hotel Crowne Plaza, Managua  
Tel: 505-2240 3000 – Ext.1  
Email: [servicioalcliente@bdfnet.com](mailto:servicioalcliente@bdfnet.com)

#### [Banco Ficohsa Nicaragua](#)

Edificio Ficohsa Plaza España, Rotonda El Gueguense 20 varas al oeste  
Tel: 505-2280-9340  
Email: [servicioalclientenic@citi.com](mailto:servicioalclientenic@citi.com)

#### [Banco Avanz](#)

Avenida Jean Paul Genie, Edificio Avanz  
Tel: 505-2223-7676  
Email: [avanz@avanzbanc.com](mailto:avanz@avanzbanc.com)

## Project Financing

U.S. firms should be cautious when seeking financing in Nicaragua. On July 16, 2018 the National Assembly passed a new money laundering and anti-terrorism law. While the language of the bill generally adheres to international standards, the government has used the law to target and prosecute political opponents. U.S. firms may be subject to additional scrutiny by the government under the aegis of terrorism financing and money laundering legislation. These laws may be used to investigate or interdict the assets of any businesses and persons suspected of being linked to acts of money laundering or financing terrorism, terms which the government interprets broadly and with prejudice against perceived political opponents.

The future of the Nicaraguan economy remains uncertain. Long-term financing may not be available. 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 shallow 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.

Multilateral Development Banks:

### **U.S. Commercial Service Liaison Offices at the Multilateral Development Banks (Inter-American Development Bank, World Bank)**

The Commercial Service maintains Commercial Liaison Offices in each of the main Multilateral Development Banks, including the Inter-American Development Bank and the World Bank. These institutions lend billions of dollars in developing countries on projects aimed at accelerating economic growth and social development by reducing poverty and inequality, improving health and education, and advancing infrastructure development. The Commercial Liaison Offices help American businesses learn how to get involved in bank-funded projects, and advocate on behalf of American bidders. Learn more by contacting the Commercial Liaison Offices to the Inter-American Development Bank (<http://export.gov/idb>) and the World Bank (<http://export.gov/worldbank>).

### **Web Resources**

Commercial Liaison Office to the Inter-American Development Bank <http://export.gov/idb>

Commercial Liaison Office to the World Bank <http://export.gov/worldbank>

### **Financing Web Resources**

- Commercial Liaison Office to the Inter-American Development Bank: <http://export.gov/idb>
- Commercial Liaison Office to the World Bank: <http://export.gov/worldbank>
- [Trade Finance Guide: A Quick Reference for U.S. Exporters](#), published by the International Trade Administration's Industry & Analysis team
- [Export-Import Bank of the United States](#)
- [OPIC](#)
- [U.S. Trade and Development Agency](#)
- [SBA's Office of International Trade](#)
- [USDA Commodity Credit Corporation](#)
- [U.S. Agency for International Development](#)

## **Business Travel**

### **Business Customs**

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 messaging applications such as WhatsApp and will continue to receive and place calls and texts during meetings.

### **Travel Advisory**

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**

The [Immigration Office](#) in the Ministry of Interior is the definitive source for visa requirements for Nicaragua. The Nicaraguan government has introduced a pre-notification process for all non-tourist travel to Nicaragua. Nicaraguan officials have stated that the pre-notification process is highly recommended. Travelers with pre-notification will pass through migration controls quicker than those without it. Pre-notification should occur at least seven days in advance of planned travel to Nicaragua, following the instructions provided in Spanish at <https://www.migob.gob.ni/migracion/tramites/>.

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: <https://ni.usembassy.gov/u-s-citizen-services/>

### **Currency**

The official currency is the Córdoba. The exchange rate is established by the Central Bank of Nicaragua, with the annual devaluation being approximately 5%. Most establishments freely accept payment in U.S. dollars.

### **Telecommunications/Electric**

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) for nearly the entire share of the market. Both companies also offer mobile internet access. Russian mobile broadband services provider Yota became another mobile internet provider to enter the high-speed internet market in 2009, followed by Chinese Telecom Company Xinwei in 2013 which operates under the brand name CooTel. Wi-Fi access is common in major hotels. Nicaragua uses the same electrical outlets and amperage as the United States.

### **Transportation**

U.S. airlines operate several roundtrip flights from the United States to Nicaragua, including American (Miami), United (Houston), Delta (Atlanta), and Spirit (Fort Lauderdale). However, many of these airlines have significantly reduced the number of flights offered in and out of the country. 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 hire a driver and vehicle or drive rental cars, and a U.S. driver's license is valid for use in Nicaragua for 60 days. Taxicab services within the perimeter of business class hotels are reliable, though robberies involving non-hotel taxis occur. 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**

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**

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**

The following holidays are observed in Nicaragua:

- New Year's Day: January 1
- Holy Thursday: Variable (April 18, 2019)
- Good Friday: Variable (April 19, 2019)
- 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 or Personal Belongings**

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 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.

## **Travel Related Web Resources**

[Nicaragua: Country Specific Information](#)

[The Immigration Office in the Ministry of Interior](#)

[State Department Visa Website](#)

[The Consular Section of the U.S. Embassy in Managua](#)