

# U.S. Country Commercial Guides



## Nicaragua 2020

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## Doing Business in Nicaragua

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### Market Overview

Nicaragua and its economy continue to suffer from the political and economic crisis sparked by President Ortega's violent repression of peaceful demonstrations in April 2018 that killed over 300 civilians. Foreign investment and funding from international financial institutions plummeted, with organizations unable or unwilling to transact with the corrupt Ortega regime. Many sectors in Nicaragua, including the energy sector, remain vulnerable to international sanctions that target *testaferros*, or front men, who hold assets on behalf of regime insiders and funnel funds to the Ortega family.

The Ortega regime's economic policies appear geared not to foment foreign investment and stimulate sustainable economic development, but rather to increase revenue to the cash-strapped government. Government entities continue to target and harass businesses believed to support the opposition. Excessive fines and delays imposed by customs and tax authorities threaten trade relations and make suppliers unable or unwilling to continue to export products to Nicaragua. Industries which depend on confidence—such as tourism, construction, and finance—suffered most as the overall economy sharply reversed its steady growth from 1994 to 2017. The COVID-19 global pandemic has hastened the economy's downward spiral.

Against this backdrop, economists struggle to estimate the scope of Nicaragua's contraction due to the government's refusal to publish official numbers and key economic indicators. Even when published, economists doubt their veracity. According to the International Monetary Fund (IMF), Nicaragua's economy contracted 3.8 percent in 2018 and 5.7 percent in 2019. Estimates for 2020 range from a 6.0 to 14.0 percent contraction. Unemployment rose from 3.7 percent in 2017 to 6.6 percent in 2019, and could hit 9.2 percent in 2020, according to some estimates. Meanwhile, the poverty level rose from 20.3 percent in 2017 to 28.2 percent in 2019, with fears it could reach 36.9 percent by the end of 2020.

A resilient private sector endeavors to keep the economy afloat by adapting to new challenges and advocating for transparency and rule of law. Major private sector organizations recognize that *an economic solution depends on a political solution*.

Presidential elections are currently scheduled for November 2021. If Nicaragua successfully holds free, fair, and transparent elections and elects a government committed to democracy, rule of law, and transparency, Nicaragua can return to the steady economic growth of the past two decades. Although it is the second poorest country in the Western Hemisphere, Nicaragua continues to have many factors in its favor, including natural resources ripe for tourism, an inexpensive and reliable workforce, and proximity to the United States.

### Market Challenges

Political instability, reputational risk, and arbitrary application of government regulations and trade barriers remain the primary challenge facing U.S. companies. Given the Ortega regime's denial of fundamental freedoms, potential for further civic demonstrations and violent repression remains high. These events in the past have caused supply chain disruptions and prevented employees from traveling to work. Businesses that participated in past strikes suffered government reprisals, including targeting for fines and audits. Businesses that remained open suffered reputational harm for being perceived as supporting an abusive, corrupt regime.

U.S. companies also face arbitrary enforcement of laws and wanton abuses by government authorities. The Nicaraguan Customs Authority (DGA) regularly subjects shipments of commercial and donated goods to bureaucratic

delays, arbitrary valuation, and excessive fines for minor administrative discrepancies. In some cases, shipments are held for weeks or months with no justification. The Nicaraguan Tax Authority (DGI) increased the frequency, duration, and scope of audits on businesses, which in some cases take several months and require businesses to dedicate office space and support staff to the auditors. In addition, some businesses report that up to eight different government entities, including labor authorities, social security authorities, and city and department tax authorities, have arrived at the same time to conduct audits.

These issues are exacerbated by an extremely weak legal environment and limited rule of law. Businesses facing adverse administrative actions are unlikely to find legal remedies in the judicial system, which are considered to be subject to extrajudicial and political influence and corruption. Property rights are especially difficult to defend. The number of property expropriations, land invasions, and property confiscations have increased significantly since 2018. A sampling of entities sanctioned by the United States, Canada, or the European Union demonstrate the pervasiveness of abusive and anti-democratic behavior throughout the government. Sanctioned entities include (more information on sanctions can be found at the Department of Treasury's [website on Nicaragua-related sanctions](#)):

- Vice President and First Lady Rosario Murillo, who has systematically sought to dismantle democratic institutions and loot the wealth of Nicaragua;
- President of the National Assembly Gustavo Porras, who presided over significant National Assembly actions or policies that undermined democratic processes or institutions in Nicaragua;
- Then-Minister of Health Sonia Castro, whose Ministry of Health refused to treat victims of violent regime repression, reported admitted protesters to parapolice who removed them from hospitals, and fired hundreds of medical personnel who treated protesters;
- Then-Director of the Institute of Telecommunications Orlando Castillo, who silenced independent media;
- Minister of Finance Ivan Acosta, who arranges financial support to the Ortega regime;
- Commander-in-Chief of the Army Julio Aviles, who armed “parapolice” who carried out acts of violence and human rights abuses against the Nicaraguan people;
- Laureano Ortega Murillo, son of Ortega and Vice President Rosario Murillo, who serves as Promotion Advisor of Nicaraguan business facilitation agency ProNicaragua and engaged in corrupt business deals in which foreign investors paid for preferential access to the Nicaraguan economy;
- Then-Acting President of the Supreme Electoral Council Lumberto Campbell for electoral manipulation ensuring Ortega and his allies prevail in elections through fraudulent means;
- Director of the Nicaraguan Social Security Institute Roberto Lopez for orchestrating Ortega’s use of public retirement funds to reward loyalists, defraud Nicaraguans, and target political opponents; and
- The entire Nicaraguan National Police.

For several years leading business chambers filled the void left by inadequate government structures, meeting with select government operatives to resolve common business issues. However, Nicaragua’s model of consensus and dialogue between business chambers and select government representatives collapsed as business chambers recognized the reputational risks of making ad hoc deals with a government internationally accused of repressing its people. There is currently little way to address commercial issues with the government that may arise.

Finally, business must contend with energy prices that have long been the highest in the region. Despite a 35 percent drop in global prices, the price of electricity in Nicaragua increased by 20 percent in 2019 as the government partially phased out subsidies and the dominant distribution company, Disnorte-Dissur, demanded higher margins. Public media reported that the Nicaraguan Energy Institute—meant to be revenue-neutral—may have turned a \$50 million profit in the first half of 2020, according to energy analysts. A complicated tariff structure subsidizes some users at the expense of others, with larger consumers generally paying the steepest costs. The issue is compounded by lack of transparency not only in the rate-making process but in the energy industry overall. Many suspect the energy industry is controlled by Ortega front men who funnel profits to Ortega and his family. The U.S. government sanctioned fuel distributor DNP, which was purchased with public money and then transferred to the Ortega family. The ownership of Disnorte-Dissur, Nicaragua’s monopoly electricity distributor, is obscure. Businesses in Nicaragua face considerable uncertainty in planning for long-term energy costs.

## Market Opportunities

A democratic Nicaragua committed to transparency and rule of law would be well-poised to usher in an era of sustainable economic growth. A responsible government could draw foreign investment and unlock both public and private funding. Nicaragua enjoys significant economic resources: an ecologically diverse geography, making it a desirable tourist destination; a well-developed industry that produces and exports traditional commodities, including coffee, beef, sugar, and peanuts; reserves of gold and other valuable minerals; ready access to major shipping lanes in both the Atlantic and Pacific Oceans; and a young labor force that supports the manufacturing and services sectors. Perhaps most importantly, Nicaragua has a highly organized and sophisticated private sector committed to a free economy that can fully leverage these resources if supported by a responsible government.

The Central America – Dominican Republic – United States Free Trade Agreement (CAFTA-DR) also presents a key opportunity for U.S. businesses. Under CAFTA-DR, most products originating in the United States enter Nicaragua tariff-free, and vice versa, expanding/enhancing market opportunities for both U.S. and Nicaraguan exports of various kinds.

Sectors that may be poised for considerable growth following a democratic transition include tourism, construction, and the agricultural sector. While two years of virtually no international tourism has decimated the tourism industry, the natural wonders and inexpensive amenities that previously drew visitors continue to hold enormous potential. The construction industry would also benefit from a democratic Nicaragua. A democratic transition would likely bring renewed financing from international financial institutions and wealthier countries that have reduced disbursements in Nicaragua due to the Ortega regime’s continued abuses. These entities could finance sizeable infrastructure projects that would yield long-term gains for Nicaragua and further drive growth. Finally, with increased confidence the agricultural sector will be able to access credit to invest in needed improvements. Agricultural inputs from the United States, always in high demand, may find a ready and able market to receive the latest in technological solutions.

## Market Entry Strategy

U.S. companies 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. They should also consult a local lawyer as part of due diligence to vet potential local partners for links with OFAC-designated entities and other links to corrupt or abusive government entities. In addition to a local lawyer, conversations with local professionals and networks such as the [American Chamber of Commerce](#) and the pertinent [business chamber](#) would be extremely useful to gain a better understanding of the investment landscape. The Embassy has compiled a [list of vetted business service providers](#).

Nicaraguan is geographically small, but more remote areas 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.

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## Customs, Regulations and Standards

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## Trade Barriers

Under CAFTA-DR, 100 percent of U.S. consumer and industrial goods and more than half of U.S. agricultural products are supposed to enter Nicaragua duty free. CAFTA-DR also calls on member countries to establish rules to

ensure customs transparency, predictability, and efficiency. However, DGA utilizes unjustified and arbitrary customs procedures that delay and increase costs for U.S. exporters of virtually all products. Starting in early August 2018, logistics providers began reporting that DGA was stopping and conducting additional inspections of 80 percent of all incoming shipments, compared to only 20 percent of shipments before 2018. Businesses and nongovernmental organizations report DGA regularly subjects shipments of commercial and donated goods to bureaucratic delays and arbitrary (and increased) valuations that increase the amount of taxes to be paid at the border. They also report DGA officials regularly assess exorbitant fines for minor administrative discrepancies, which by Nicaraguan regulation should only be subject to a small administrative fine. In some instances, businesses report that DGA attempted to levy fines up to triple the amount of the value of the shipment itself. Businesses that refuse to pay the fine face further delays, storage costs, and threats that DGA will remove preferential treatment for all future shipments.

Starting in 2019, multiple companies reported DGA had questioned the country of origin of imported products—many of which had been imported for decades without issue—and was in the process of denying preferential access under CAFTA-DR for those products. DGA also sought to levy back-tariffs and additional fines equal to the amount of those back-tariffs. Other tactics including requiring fumigation of products that do not traditionally pose a contagion risk. Businesses must continue to pay storage costs and face delays while that fumigation is scheduled.

Businesses report paperwork needed to process shipments languishes in DGA’s office for more than a month at a time, and that some shipments are held for weeks or months with no justification from customs agents. Other issues include arbitrary denials of import permits for products with no justification. Under the current political climate, the U.S. Embassy rarely has success obtaining information from the DGA concerning these cases.

The Nicaraguan government levies a selective consumption tax (ISC) on many items, as described in Selling U.S. Products and Services, below. The tax is based on the actual sales price of the product and applies to both imported and domestic goods. However, DGA is now charging the ISC at the border and inventing a formula for predicting a sales price on which to base the ISC. Businesses report the fabricated valuation is equal to triple the cost, insurance, and freight value of the good. The ISC is imposed on domestic goods at the actual point of sale.

The Nicaraguan government has prevented the import of some goods for political reasons, such as shipments of paper and ink destined for Nicaragua’s sole remaining print daily newspaper that is critical of the government.

## **Import Tariffs**

As a member of the [Central American Common Market](#) (CACM), Nicaragua applies a harmonized external tariff on most items at a maximum of 15 percent, with some exceptions. Approximately 95 percent 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 percent tariffs on many basic foodstuffs and consumer goods. These decrees have been extended every six months. They remained in effect as of June 2019, and are likely to be extended thereafter. [DGA](#) maintains an [online database of import tariffs](#), including tariffs applicable under CAFTA-DR.

Under CAFTA-DR, 100 percent 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 and 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 a 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 to ensure that the donation is not lost or mishandled. Customs may seize and auction off a shipment if it is not removed from their warehouses after 20 days, but the importer can pay a fine to prevent it from being auctioned.

#### *Food and Beverages*

The [Ministry of Health](#) Food Inspection Office is in charge of 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 then packaged in Nicaragua, the importer must present a phytosanitary or sanitary certificate from both the country of origin and the Nicaraguan [Ministry of Health](#) Food Inspection Office. The Ministry of Development, Industry, and Trade issues import licenses for sugar.

#### *Medicines and Cosmetics*

The [Ministry of Health](#) Pharmaceutical Office is in charge of 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*

The [Institute of Agricultural Protection and Health](#) (also known by its Spanish acronym, IPSA) and the [Ministry of Health](#) share responsibility for developing and implementing agricultural regulations. The Institute of Agricultural Protection and Health is responsible for the inspection of agricultural products at the borders and the regulation of animal feeds, agrochemicals and seeds, while the Ministry of Health regulates processed food products. Importers must obtain an import permit before importing any shipment. Processed foods and agrochemicals also require a sanitary register number from the [Ministry of Health](#) and/or the [Institute of Agricultural Protection and Health](#). Good communication between the exporter and importer is essential for a successful commercial relationship. For

more guidance on Nicaraguan food laws, technical regulations and import requirements please see the U.S. Department of Agriculture (USDA)'s [Country Report](#).

### *Telecommunications*

The [Nicaraguan Telecommunications Regulator](#) (TELCOR) regulates the telecommunications sector in Nicaragua and operates under the authority of the General Telecommunication and Postal Services Law. 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. However, the regulation of information technology falls under the [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 communications-related products such as 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*

U.S. companies may be prohibited from paying for any permit fees to the National Police because the National Police was designated by OFAC for sanctions for engaging in serious human rights abuses in Nicaragua. U.S. companies should consult with an attorney before entering into any financial transaction with the National Police. U.S. companies should also be aware that any firearms entering the country are likely destined for Nicaraguan security forces or parapolice. The Embassy has received reports that the Nicaraguan government confiscated stock held by privately owned firearms stores for use by the Nicaraguan government only. 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).

## **Labeling and Marking Requirements**

The [Nicaraguan Technical Standard on Prepackaged Foods for Human Consumption](#) (1999/03-021) requires 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 (also known by its Spanish acronym, MINSAs).

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.

Companies participating in government tenders must submit sample products with required labels in Spanish. Nicaragua is a signatory of the [Cartagena Protocol on Biosafety](#). Under this protocol, Nicaragua requires that agricultural goods containing more than 5 percent living modified organisms (LMOs) be labeled to indicate that they “may contain” LMOs.

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

Includes the U.S. government export controls that companies need to abide by when exporting to this country.

Knowledge Product Topic:

Export Controls



The United States imposes export controls to protect national security interests and promote foreign policy objectives.

## Export Controls and Licenses

The United States imposes export controls to protect national security interests and promote foreign policy objectives. 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 [list of upcoming seminars and webinars](#).

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 [Electronic Code of Federal Regulations \(e-CFR\)](#).

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.

## 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 percent 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 and 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. The agreement also requires Nicaragua to release goods from customs promptly and expeditiously clear express shipments, although businesses report arbitrary delays and fines.

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](#), which contains provisions for expediting the movement, release, and clearance of goods, including goods in transit. It also establishes measures for effective cooperation between customs and other appropriate authorities on trade facilitation, customs compliance, technical assistance and capacity building.

Importers must use the services of a licensed [customs broker](#). Businesses report that some customs brokers are known to commit customs fraud that bilks the Nicaraguan people out of much-needed taxes and instead enriches regime insiders. Nicaragua purportedly applies the [World Trade Organization Agreement on Customs Valuation](#) to determine customs duties. Businesses report, however, that the Customs Authority habitually either misclassifies goods or erroneously applies an elevated value to levy a higher duty rate. Businesses also report 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 for Trade:**

### **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. The [Ministry of Development, Industry, and Trade](#) leads government efforts to develop standards under the CAFTA-DR guidance. It is primarily a top-down government-driven approach. Under the current political environment, business input is not considered by the government, although private sector members sit on a National Standards and Quality Commission. Implementation is arbitrary and capricious, in particular by customs officials.

### **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 serves as secretariat for the commission. The Ministry of Development, Industry, and Trade's [Normalization and Metrology Department](#) is in charge of managing and supervising the work of standardization and regulation at the national level.

### **Testing, Inspection and Certification**

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.

## Publication of Technical Regulations

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. Nicaragua 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 Normalization and Metrology Office, publishes Obligatory Nicaraguan Technical Standards as well as Standards Subject to Public Consultation. The [National Standards and Quality Commission](#) is the coordinating body for policies and programs in of technical standardization. Representatives of non-governmental organizations are appointed by the President of the Republic.

Public consultation of Nicaraguan standards and technical regulations last for 60 days as established by [Nicaraguan regulations](#), however at the request of national or foreign stakeholders the period can be extended up to 30 more days. The Information and Notification Office is responsible for putting into practice the transparency provisions contained in the Technical Barriers to Trade and Sanitary and Phytosanitary Agreements, and current National legislation. It publishes public consultations and receives and processes the observations of interested parties.

## Contact Information

U.S. companies can contact the following offices from the Ministry of Development, Industry and Trade:

National Accreditation Office  
Telephone: 505-2248-9300 Ext. 1325  
Email: [agutierrez@mific.gob.ni](mailto:agutierrez@mific.gob.ni)

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)

U.S. companies can also contact the Economic Section at the U.S. Embassy in Managua:

Telephone: +505-7877-7600  
Email: [ManaguaECON@state.gov](mailto:ManaguaECON@state.gov)

The U.S. Department of Commerce's International Trade Administration employs an expert in standards responsible for Latin America. This expert is 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

Members of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to notify to the WTO proposed technical regulations and conformity assessment procedures that could affect trade. **Notify U.S.** ([www.nist.gov/notifyus](http://www.nist.gov/notifyus)) is a free, web-based e-mail registration service that captures and makes available for review and comment key information on draft regulations and conformity assessment procedures. Users receive customized e-mail alerts when new notifications are added by selected country or countries and industry sector(s) of interest and can also request full texts of regulations. This service and its associated web site

are managed and operated by the USA WTO TBT Inquiry Point housed within the National Institute of Standards and Technology, part of the U.S. Department of Commerce.

## **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. Nicaragua signed and ratified bilateral investment treaties with Argentina, Belgium, Chile, Cuba, the Czech Republic, Denmark, Finland, France, Germany, Italy, Iran, Luxembourg, the Netherlands, the Russian Federation, Spain, Switzerland, and the United Kingdom. Nicaragua also has treaties with investment provisions with Chile, Mexico, Panama, Taiwan, and South Korea.

Nicaragua also has a separate free trade agreement with ALBA (Bolivarian Alliance for the Peoples of Our America) member countries: Cuba, Venezuela, Dominica, Antigua & Barbuda, Saint Vincent & the Grenadines, Granada, and Saint Kitts & Nevis. Nicaragua is part of Central American free trade agreements with the European Union and South Korea.

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](#).

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 register with Nicaragua’s Supreme Court to practice law. Public notaries are also authorized by the Supreme Court for five-year periods.

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## **Selling U.S. Products and Services**

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## **Distribution & Sales Channels**

Overview

### **Using an Agent or Distributor**

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 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 Ministry of Development, Industry, and Trade operates a [One-Stop Shop for Investment](#) (VUI) to streamline investment and business licensing. According to the VUI, 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, Quizno's, 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. Online display ads are increasingly common, especially on Facebook.

### **Joint Ventures/Licensing**

Nicaragua's [Commercial Code](#) governs the establishment of joint ventures, licensing arrangements, general and limited partnerships, and corporations. Foreign and domestic private entities have the right to establish and own business enterprises.

### **Express Delivery**

U.S. express delivery companies (UPS, FedEx, and DHL) operate in Nicaragua. Shipments from the United States arrive daily from Monday to Saturday. The overall delivery time for items originating in the United States has been as short as 48 hours. The Customs Authority at the airport commonly opens packages and even removes the contents of select packages (money, valuables, biological). Often times these items are not recovered once they are removed. Documents and small non-valuable items tend to arrive safely. Shipments from Nicaragua to the United States using Express Delivery is generally reliable and quick when not bogged down by customs.

### **Due Diligence**

U.S. companies should be cautious when beginning a business relationship with a partner or agent in Nicaragua. The lack of transparency and absence of any reliable corporate registry makes it difficult to identify the owners of a business entity or with whom it may share business relationships. Some business partners with links to the Ortega regime may be involved with corruption, money-laundering, or violations of human rights. Such businesses or individuals may also be the target of international sanctions. U.S. companies should consult an attorney and conduct research on sanctions on Nicaraguan individuals or entities.

Moreover, with an unreliable judicial system, it is even more important to ensure that a business partner is solvent and capable of performing the promised services.

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.

## eCommerce

### *Overview*

Nicaragua has the lowest rate of internet access in Central America with only a fifth of the Nicaraguan population using the Internet, based on estimates by the Nicaraguan Internet and Telecommunications Chamber (CANITEL), although a higher number of Nicaraguans (2.1 millions) have internet data plans connected to their cellular phone. The government has the ability to disrupt internet service at any time, and in fact did so during the protests in 2018, the government disrupted internet service in some cities. 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.

### *Assessment of Current Buyer Behavior in Market*

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 and little public awareness or training available. Aside from the business elite, online shopping has not taken hold in Nicaragua.

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 Nicaragua lacks a modern national mailing system, Nicaraguan online stores have been slow to adopt home delivery, although that trend has shifted as businesses adapted to delivery to maintain sales. Purchase and delivery platforms such as [Hugo](#), [Jumpers](#), [Piki](#), and [Get My Stuff!](#) have exploded in the capital of Managua, although these services are so far primarily focused on the restaurant and groceries industry. Stores that deliver primarily cater to the upper and business classes, which constitute a minority of the population.

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 percent of adults had access to financial services in 2017 in Nicaragua.

### *Internet Penetration and Social Media*

The Nicaraguan government previously encouraged broadband infrastructure projects and successfully attracted \$1.7 billion of foreign direct investment in the telecommunications sector over the past 13 years. 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. But moderately low levels of internet penetration (20 percent) and the limited scope of internet users remains a challenge to e-commerce development. Only 2.1 million people with smartphones have internet data plans, and there are less than 212,000 fixed line connections in Nicaragua,



mostly concentrated near populated urban areas on the Pacific coast. Nicaragua has the highest average monthly costs in Central America for both mobile data plans and broadband services.

Of the less than one-third of Nicaraguans that subscribe to dedicated internet services, the majority use 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. The business innovations during the COVID-19 pandemic may also adjust buying habits among the business class.

Despite these limitations, the last three years revealed accelerated growth in the volume of income from online sales. Social media is active and growing, with Facebook dominating the market. Facebook's penetration rate in Nicaragua grew 42 percent from 2016 (1.9 million users) to 2019 (2.7 million users).

## **Selling Factors & Techniques**

### **Trade Promotion and Advertising**

Much of the population receives information via radio. Many businesses use 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. Many businesses use the Facebook platform as their sole web presence. Some businesses have found success using targeted Facebook ads. Businesses increasingly use WhatsApp to advertise to existing customers. Some Nicaraguan business chambers host local fairs or trade shows.

### **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. Businesses will need to be aware of three main sources of taxes that affect sales and business operations: income tax, value-added tax, and selective consumption tax. The Nicaraguan fiscal year runs from January 1 to December 31. Businesses should be aware that under the current political environment, the government appears focused on funding its cash-strapped operations rather than implementing economic policies that foment sustainable growth. With no warning, the government has passed tax reforms and other policies within the past two years that adversely affect businesses.

Income tax 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 percent minimum tax on gross sales. 2019 Amendments to the Harmonized Tax Law (Law 822) raised the 1 percent minimum tax on gross sales to 2 percent for medium-sized businesses (annual income between \$1.9-\$5 million) and 3 percent for most large businesses (annual income greater than \$5 million). The government asserted it would monitor the tax reform and consider comments from businesses before offering revisions within 60 days, but to date still has not announced revisions.

As of July 2018, the government has failed to apply several legally established tax exonerations. The 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 percent applies to the sale of both domestic and imported goods and services. However, the new tax reform also extended 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).

The reforms also hiked the selective consumption tax by 66 percent (from 9 percent to 15 percent) for many goods. The tax can be as high as 60 percent for tobacco products and alcoholic beverages. The selective consumption tax is purportedly based on the product's sale price and is therefore typically levied at the point of sale. However, the Customs Authority began levying the tax on imported goods at the border. Because it does not have the information or capacity to calculate the predicted sales price for goods on which to base the selective consumption tax, customs authorities simply levy the tax based on a purported sale price of triple the cost of goods, insurance, and freight (CIF) value. Businesses report this value is far out of proportion to the actual sales prices.

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

### **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.

The Embassy maintains a [list of vetted business service providers](#) that U.S. companies can use to begin their search for local professional service providers.

### **Principal Business Associations**

- [AMCHAM](#) – *American Chamber of Commerce in Nicaragua*
- [COSEP](#) – *Superior Council of Private Enterprise (Umbrella Organization for Business Chambers)*
- [ANAPA](#) – *National Association of Poultry Producers*
- [ANDIPROFA](#) – *Nicaraguan Association of Pharmaceutical Products Distributors*
- [ANDIVA](#) – *Nicaraguan Association of Motor Vehicle Distributors*
- [ANIFODA](#) – *Nicaraguan Association of Agrochemical Producers and 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*

- [ASOMIF](#) – *Nicaraguan Association of Financial Institutions*
- [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*
- [CAPENIC](#) – *Nicaraguan Chamber of Fishing*
- [CAPROPALMA](#) – *Chamber of African Palm Producers*
- [CCSN](#) – *Chamber of Commerce and Services of Nicaragua*
- [CEN](#) – *Nicaraguan Energy Chamber*
- [CNT](#) – *Nicaraguan Chamber of Tobacco*
- [CONAPRO](#) – *Federation of Professional Associations of Nicaragua*
- [EXCAN](#) – *Nicaraguan Association of Coffee Exporters*
- [FCNZFP](#) – *Nicaraguan Chamber of Private Free Zones*
- [ONAP](#) – *Nicaraguan Organization of Publicity Agencies*
- [UPANIC](#) – *Union of Agricultural Producers of Nicaragua*

### **Limitations on Selling U.S. 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.

### **Trade 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.

Fitch (B- in June 2020), Moody's (B3 in Feb 2020), and S&P (B- in Nov 2019) actively provide credit ratings for Nicaragua. Collection agencies are not common in Nicaragua. Visa and Mastercard are widely accepted in Nicaragua. Many businesses also accept American Express.

For more information about the methods of payment or other trade finance options, please read the Trade Finance Guide available at [www.Export.gov/TradeFinanceGuide](http://www.Export.gov/TradeFinanceGuide)

#### **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 on foreign currency transactions.

#### **U.S. Banks and Local Correspondent Banks:**

The following banks in Nicaragua have correspondent relationships with banks operating in the United States, though some of these relationships have been strained due to the socio-political and economic crisis and growing international sanctions:

##### [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)

Nicaragua is “off cover” for the Export-Import Bank of the United States (EXIM Bank). Accordingly, EXIM Bank will not consider routine transactions for country credit reasons.

### **Protecting Intellectual Property**

Nicaragua is not listed in the Office of the U.S. Trade Representative’s Special 301 Report or the Notorious Market report. Nonetheless, U.S. companies should consult a local attorney and take steps to protect intellectual property, including registering all intellectual property in Nicaragua. The Embassy maintains a list of vetted [business service providers](#) and list of [local attorneys](#). Please see the [Nicaragua IPR Snapshot](#) available at [stopfakes.gov](http://stopfakes.gov).

Companies are encouraged to work with trade associations and organizations to support efforts to protect IP and stop counterfeiting. There are a number of these organizations, both Nicaragua and 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 \(BIO\)](#)

In any foreign market companies should consider several general principles for effective protection of their intellectual property. Please visit [Protecting Intellectual Property](#) and [Stopfakes.gov](#) for more resources.

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

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Colonia Cuauhtémoc  
06500 México, D.F.  
+52 55 5080-2189  
[cynthia.henderson@trade.gov](mailto:cynthia.henderson@trade.gov)

## **Selling to the Public Sector**

U.S. firms should be extremely cautious when considering participating in a government tender in Nicaragua. There are reputational and legal risks in doing business with any ministry or high-level official, since many have been sanctioned by the U.S. Department of the Treasury.

Nicaragua is not a party to the WTO Agreement on Government Procurement. Nicaragua must comply with provisions on government procurement in Chapter 9 of [CAFTA-DR](#).

U.S. companies bidding on Government tenders may also qualify for U.S. Government advocacy. A unit of the U.S. Commerce Department's International Trade Administration, the Advocacy Center coordinates U.S. Government interagency advocacy efforts on behalf of U.S. exporters bidding on public sector contracts with international governments and government agencies. The Advocacy Center works closely with our network of the U.S. Commercial Service worldwide and inter-agency partners to ensure that exporters of U.S. products and services have the best possible chance of winning government contracts. Advocacy assistance can take many forms but often involves the U.S. Embassy or other U.S. Government agencies expressing support for the U.S. bidders directly to the foreign government. Consult [Advocacy for Foreign Government Contracts](#) for additional information.

## Financing of Projects

International financing has largely dried up following the government's violent repression of peaceful demonstrations in 2018 and 2019. Most multilateral banks significantly reduced their portfolios in Nicaragua as concerns about transacting with the regime mounted. The Central American Bank of Economic Integration remains the lone exception, although even that bank has significantly curtailed its activity over the past year. In December 2018, Congress passed the [Nicaraguan Human Rights and Anticorruption Act of 2018](#) (NICA Act) to demonstrate U.S. support for the rule of law and an independent judiciary and electoral council in Nicaragua; democratic governance in Nicaragua; free and fair elections overseen by credible domestic and international observers in Nicaragua; and anti-corruption and transparency efforts in Nicaragua. To those ends, the NICA Act instructs U.S. Executive Directors at the World Bank and the Inter-American Development Bank to oppose the extension of any loan or financial or technical assistance to the Government of Nicaragua for a project in Nicaragua. The U.S. International Development Finance Corporation, Export-Import Bank of the United States, and the U.S. Trade Development Agency do not support projects in Nicaragua.

Outside of international financial institutions, long-term financing may not be available. Banks are unwilling to extend credit as confidence has waned, and 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.

## Multilateral Development Banks and Financing Government Sales

Price, payment terms, and financing can be a significant factor in winning a government contract. Many governments finance public works projects through borrowing from the Multilateral Development Banks (MDB). A helpful guide for working with the MDBs is the **Guide to Doing Business with the Multilateral Development Banks**. The U.S. Department of Commerce's (USDOC) International Trade Administration (ITA) has a Foreign Commercial Service Officer stationed at each of the five different Multilateral Development Banks (MDBs): the African Development Bank; the Asian Development Bank; the European Bank for Reconstruction and Development; the Inter-American Development Bank; and the World Bank.

Learn more by contacting the:

- [Commercial Liaison Office to the Inter-American Development Bank](#)
- [Commercial Liaison Office to the World Bank](#) <sup>[OBJ]</sup>

Additional financing resources:

- [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](#)
- [DFC](#)
- [U.S. Trade and Development Agency](#)
- [SBA's Office of International Trade](#)
- [USDA Commodity Credit Corporation](#)
- [U.S. Agency for International Development](#)



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## **Business Travel**

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### **Business Customs:**

Business customs in Nicaragua, while often based on personal relationships, are relatively straightforward. Many Nicaraguan executives were 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 are 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 may be unavailable between noon and 2:00 p.m. Most businesspeople rely heavily on cellular phones and messaging applications such as WhatsApp. Business cards are commonly exchanged, but gifts are not.

### **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:**

Business travelers may obtain information about Nicaragua's visa requirements from the Ministry of Interior's [Immigration Office](#). The Embassy also provides some information about Nicaragua's [entry requirements](#). The Nicaraguan government introduced a pre-notification process for all non-tourist travel to Nicaragua, which will facilitate the customs process upon arrival. 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 the [Ministry of Interior website](#).

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/>

### **Currency:**

The official currency is the córdoba. The exchange rate is established by the Central Bank of Nicaragua, with the annual devaluation being approximately 3 percent. The economy runs on a dual-currency system, with nearly all establishments accepting payments in either U.S. dollars or Nicaraguan córdobas.

### **Telecommunications/Electronics:**

Communication with the United States is readily available through major U.S. long-distance carriers; however, cellular phones are far more common than landlines. Cellular phone carriers Claro and Millicon International Cellular (operating under the "Tigo" brand, previously "Movistar") control nearly the entire share of the cellular market. Both companies also offer mobile internet access. Due to rates that encourage calls within the same network, it is common for Nicaraguans to prefer one carrier over the other, or even to carry two cell phones—one to call only Claro numbers, and another to call only Tigo numbers. 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:**

The political and economic crisis caused many airlines to reduce the number of flights offered to and from Nicaragua. Therefore, options are fewer and more expensive, often including layovers in San Salvador, El Salvador, or Panama City, Panama. U.S. airlines operate direct roundtrip flights to Nicaragua from Miami (American Airlines) Houston (United Airlines), and Fort Lauderdale (Spirit Airlines). between Miami and Managua, and from the United States to Nicaragua, including American (Miami), United (Houston), and Spirit (Fort Lauderdale). In May 2020, Delta cancelled its service between Atlanta and Managua. 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 09, 2020)
- Good Friday: Variable (April 10, 2020)
- 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:**

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.

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**Investment Climate Statement (ICS)**  
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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. To access the ICS for Nicaragua, visit the U.S. Department of State's [Investment Climate Statement](#) website.

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**Political Environment**  
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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 Nicaragua, please click on the following link: <https://www.state.gov/countries-areas/nicaragua/>

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