



U.S. Country Commercial Guides



2017

Nicaragua

U.S. Department of Commerce | International Trade Administration

Table of Contents

<i>Doing Business in Nicaragua</i> _____	6
Market Overview _____	6
Market Challenges _____	6
Market Opportunities _____	7
Market Entry Strategy _____	7
<i>Political Environment</i> _____	8
Political Environment _____	8
<i>Selling US Products & Services</i> _____	9
Using an Agent to Sell US Products and Services _____	9
Establishing an Office _____	9
Franchising _____	9
Direct Marketing _____	9
Joint Ventures/Licensing _____	9
Selling to the Government _____	9
Distribution & Sales Channels _____	11
Express Delivery _____	12
Selling Factors & Techniques _____	12
eCommerce _____	12
Overview _____	12
Current Market Trends _____	12
Social Media _____	13
Trade Promotion & Advertising _____	14
Pricing _____	14
Sales Service/Customer Support _____	15
Protecting Intellectual Property _____	15
IP Resources _____	16
Due Diligence _____	17
Local Professional Services _____	17
Principle Business Associations _____	17
Limitations on Selling US Products and Services _____	17
Web Resources _____	18
<i>Leading Sectors for US Exports & Investments</i> _____	18
Building Products / Construction Equipment _____	18
Overview _____	18
Leading Sub-Sectors _____	19

Opportunities _____	19
Web Resources _____	19
Hotel and Restaurant Equipment _____	19
Overview _____	19
Leading Sub-Sectors _____	20
Opportunities _____	20
Web Resources _____	20
Hospitality and Food Service / Food Processing and Packaging Equipment _____	20
Overview _____	20
Leading Sub-Sectors _____	20
Opportunities _____	20
Web Resources _____	20
Agribusiness – Yellow Corn _____	20
Overview _____	20
Web Resources _____	21
Agribusiness – Wheat _____	21
Overview _____	21
Web Resources _____	22
Agribusiness – Soybean Meal and Cake _____	22
Overview _____	22
Web Resources _____	22
<i>Trade Regulations, Customs, & Standards _____</i>	23
Import Tariff _____	23
Trade Barriers _____	23
Import Requirements & Documentation _____	23
Labeling/Marking Requirements _____	24
U.S. Export Controls _____	24
Food and Beverages _____	24
Medicines and Cosmetics _____	24
Agriculture and Livestock _____	25
Telecommunications _____	25
Containers for Liquefied and Compressed Gasses _____	26
Firearms _____	26
Prohibited & Restricted Imports _____	26
Temporary Entry _____	26
Customs Regulations _____	26
Trade Standards _____	27
Overview _____	27
Standards _____	27

Conformity Assessment	27
Accreditation	27
Contact Information	27
Trade Agreements	28
Licensing Requirements for Professional Services	28
Trade Regulation Web Resources	29
<i>Investment Climate Statement</i>	30
Executive Summary	30
Openness To, and Restrictions Upon, Foreign Investment	31
Policies Towards Foreign Direct Investment	31
Limits on Foreign Control and Right to Private Ownership and Establishment	32
Other Investment Policy Reviews	32
Business Facilitation	32
Outward Investment	32
Bilateral Investment Agreements and Taxation Treaties	32
Legal Regime	33
Transparency of the Regulatory System	33
International Regulatory Considerations	33
Legal System and Judicial Independence	33
Laws and Regulations on Foreign Direct Investment	34
Competition and Anti-Trust Laws	34
Expropriation and Compensation	35
Dispute Settlement	35
ICSID Convention and New York Convention	35
Investor-State Dispute Settlement	36
International Commercial Arbitration and Foreign Courts	36
Bankruptcy Regulations	36
Industrial Policies	36
Investment Incentives	36
Foreign Trade Zones/Free Ports/Trade Facilitation	37
Performance and Data Localization Requirements	37
Protection of Property Rights	38
Real Property	38
Intellectual Property Rights	38
Financial Sector	39
Capital Markets and Portfolio Investment	39
Money and Banking System	39
Foreign Exchange and Remittances	40
Foreign Exchange	40
Remittance Policies	40

Sovereign Wealth Funds _____	40
State-Owned Enterprises _____	40
Privatization Program _____	41
Responsible Business Conduct _____	41
Corruption _____	41
Resources to Report Corruption _____	42
Political and Security Environment _____	42
Labor Policies and Practices _____	43
OPIC and Other Investment Insurance Programs _____	43
Foreign Direct Investment and Foreign Portfolio Investment Statistics _____	43
Contact for More Information on the Investment Climate Statement _____	45
<i>Trade & Project Financing</i> _____	46
Methods of Payment _____	46
Banking Systems _____	46
Foreign Exchange Controls _____	46
US Banks & Local Correspondent Banks _____	46
Project Financing _____	47
Multilateral Development Banks: _____	47
Web Resources _____	47
Financing Web Resources _____	47
<i>Business Travel</i> _____	48
Business Customs _____	48
Travel Advisory _____	48
Visa Requirements _____	48
Currency _____	48
Telecommunications/Electric _____	48
Transportation _____	48
Language _____	49
Health _____	49
Local Time, Business Hours and Holidays _____	49
Temporary Entry of Materials or Personal Belongings _____	49
Travel Related Web Resources _____	49

INTERNATIONAL COPYRIGHT, U.S. & FOREIGN COMMERCIAL SERVICE AND U.S. DEPARTMENT OF STATE, 2017. ALL RIGHTS RESERVED OUTSIDE OF THE UNITED STATES.

Doing Business in Nicaragua

Market Overview

Nicaragua has a young population, with roughly 70% of its people under the age of 35. Nicaraguan consumers are familiar with U.S. products and brands, which are viewed favorably for high quality.

Nicaragua's gross domestic product (GDP) increased by an estimated 4.7% in 2016, due largely to increased infrastructure development, domestic consumption, tourism inflows, agriculture, and growing remittances. Inflation in 2016 was 3.13%. The Central Bank of Nicaragua forecasts GDP growth of 4.8% for 2017.

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 \$1.5 billion in 2016, including computer and electronic products, textiles and fabric, food and kindred products, and machinery. Nicaraguan exports to the United States were \$3.3 billion in 2016, including apparel and accessories, transportation equipment, primary metals, agricultural products, and food and kindred products. Other important trading partners for Nicaragua are El Salvador, Costa Rica, Mexico, Venezuela, and the European Union.

The Central Bank of Nicaragua (BCN) stated that in 2016 foreign investment inflows were \$1.44 billion, up from \$1.38 billion in 2015. Additionally, BCN estimated that net foreign direct investment was \$888 million. Investments inflows have 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.

Market Challenges

Weak governmental institutions, deficiencies in the rule of law, and extensive executive control can create significant challenges for those doing business in Nicaragua, particularly smaller foreign firms.

The legal environment is very weak. Property rights, including intellectual property rights, are especially difficult to defend. There is a widespread perception that the judicial sector and police forces have been politicized and are subject to external influence. Investors regularly complain that regulatory authorities and courts are arbitrary, negligent, and slow to apply existing laws, and often favor one competitor over another.

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.

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 can lack transparency and poses challenges for long term planning. Internet penetration is improving but remains low and customers face a high cost of access. Seaport infrastructure is limited and transport costs are high.

The Nicaraguan economy is relatively small and purchasing power is limited for many consumers. Of the total population of approximately 6.07 million, 29.6% live below the poverty line according to 2015 official data (LSMS 2016 GON and World Bank). Remittances—valued at \$1.26 billion in 2016—significantly augment incomes for many Nicaraguans, as do government transfers.

Market Opportunities

Consistent growth, good physical security, and a stable macroeconomic environment contribute to a favorable business climate. Market opportunities especially exist in the following sectors: construction, food processing and packaging equipment, and hotel and restaurant equipment.

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.

Nicaragua offers business opportunities in the tourism sector that are enhanced by attractive tax incentives. Nicaragua's emerging tourism industry is an opportunity to those entrepreneurs who accept the risk of investing in Nicaragua.

Market Entry Strategy

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, and U.S. companies should visit potential partners or agents prior to entering into a relationship.

The Nicaraguan retail market is relatively small but 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.

A local lawyer should be consulted to determine the pros and cons of various types of agency or representation agreements. U.S. firms should check the bona fides of potential partners before establishing a formal business relationship, and extra due diligence should be applied before entering into any contractual or partnership arrangement.

U.S. citizens should be aware of the risks of purchasing real estate in Nicaragua and should exercise extreme caution before committing to invest in property.

Political Environment

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 more background information on the political and economic environment of the country, please click on the links for the U.S. Department of State Background Notes [here](#) and [here](#). The Government of Nicaragua Website can be found [here](#).

Selling US Products & Services

Using an Agent to Sell US Products and Services

Partnerships between U.S. and Nicaraguan businesses are common. There is no single information clearinghouse for identifying potential partners in Nicaragua or checking their bona fides. U.S. companies seeking agents, distributors, or partners in Nicaragua may request an International Partner Search, Gold Key Service, or a Contact List through their nearest [U.S. Export Assistance Center](#) or the [Economic Section](#) of the U.S. Embassy in Managua. In some cases, organizations such as the investment promotion agency [ProNicaragua](#), the [American Chamber of Commerce of Nicaragua](#), and the [Superior Council of Private Enterprise in Nicaragua \(COSEP\)](#) 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 at least 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, Hertz, Avis, Budget Rent A Car, DHL, Best Western, Holiday Inn, Burger King, Carl's Jr., and Tony Roma's. 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

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](#) and the [World Bank](#).

Web Resources

[Commercial Liaison Office to the Inter-American Development Bank](#)

[Commercial Liaison Office to the World Bank](#)

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, and upscale La Unión stores. In December 2015 Wal-Mart Central America opened their new \$17 million flagship store, the first in the country branded as Walmart with a floor plan similar to stores in the United States. 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.

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 was recently finished 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 international airport in Tola, Rivas for smaller private aircraft.

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

Express Delivery

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

CAFTA-DR's [Electronic Commerce](#) chapter requires nondiscriminatory, duty free treatment of digital products and encourages cooperation in numerous policy areas related to electronic commerce. Electronic commerce is still developing in Nicaragua. Currently, there are no laws or regulations restricting its use. However, 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. Because of a lacking modern national mailing system, most Nicaraguan online stores do not offer home delivery. However, these limitations also represent business opportunities for U.S. firms offering the infrastructure needed to boost the sector.

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 19% of adults had access to financial services in 2014 in Nicaragua.

Social Media

Electronic commerce in Nicaragua remains limited in scope and a reality for a select number of locals. Although internet access is widely available in Nicaraguan municipalities, Nicaragua has an internet penetration rate of only 19 percent. \$1.5 billion of foreign direct investment injected into the telecommunications sector over the past 12 years has fueled the expansion of 3G mobile coverage and broadband networks throughout the country. 3G mobile networks coverage now extends to 90 percent of the population and Nicaragua has also extended fiber optic networks to nearly 95 percent of municipalities in the country. Despite these significant gains in internet connectivity, however, only 1.25 million people who have smart phones have internet data plans, and there are less than 250,000 fixed line connections in Nicaragua (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 one in five 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 (8 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 (11 percent) and Spotify (8 percent), or other social media platforms like Instagram (9 percent) and SnapChat (8 percent). Most Nicaraguans confine themselves to this limited scope rather than utilizing the Internet for broader information, educational, 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.

Most Nicaraguan businesses lack the capability to conduct online business transactions. The volume of online transactions generated in Nicaragua is limited and further hindered by an underdeveloped local banking system. Qualifying for credit cards (and debit cards) necessary for completing online payments remains difficult for most Nicaraguans, and those who are able to make online purchases do so with international credit cards or international bank accounts linked to online payment systems. As a result, most local companies do not have an incentive to develop websites or conduct online transactions.

Although the Nicaraguan government has identified broadband infrastructure projects to bring internet connectivity to the rest of the population, low levels of internet penetration and the limited scope of internet usage remains a challenge to the development of the e-commerce market. This also limits the ability of businesses to use the Internet to reach consumers and hinders the use of new technology to overcome barriers to economic growth. Opportunities for U.S. companies to enter Nicaragua may improve as internet penetration and digital literacy 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 two 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 2016 with an increase of 27%, from 1.5 million users to 1.9 million users. Some local firms have succeeded in attracting large Facebook followings, including: Banpro (580,629 followers), Movistar (514,888), Claro (526,249), and Eskimo (350,023). Local online-marketing experts have noted that future business opportunities are 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 \(2012/822\)](#) was updated in December 2014 ([2014/891](#)) in an effort to improve, modernize and simplify the local tax system. There are three main sources of taxes in Nicaragua: income tax (IR), a value-added tax (IVA), and a selective consumption tax (ISC). The Nicaraguan fiscal year runs from January 1 to December 31.

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

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

A selective consumption tax (ISC) is levied on a variety of goods. The tax generally ranges from 10% to 30% but is as high as 59% for tobacco products and alcoholic beverages. The ISC on domestic goods is based on the manufacturer's sale price, while the ISC on imported goods is based on the 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

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](#).

While the U.S. Government stands ready to assist, there is little we can do if the rights holders have not taken the fundamental steps necessary to securing and enforcing their IP in a timely fashion. Moreover, 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 law suit. In no instance should U.S. Government advice be seen as a substitute for the responsibility of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on potential partners. A good partner is an important ally in protecting IP rights. Consider carefully, however, whether to permit your partner to register your IP rights on your behalf. Doing so may create a risk that your partner will list itself as the IP owner and fail to transfer the rights should the partnership end. Keep an eye on your cost structure and reduce the margins and the 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](#) at: 1-866-999-HALT.

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.

For more information about registering for copyright protection in the United States, contact the [U.S. Copyright Office](#) at: 1-202-707-5959.

For more information about how to evaluate, protect, and enforce intellectual property rights and how these rights may be important for businesses, please visit the “Resources” section of the [STOPfakes website](#).

For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit [this site](#). 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 article on [Protecting Intellectual Property](#) and also [Corruption](#).

IP Attaché Contact

Braedon Young, 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

Due Diligence

Thorough due diligence can reduce 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 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.

Principle 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 Fact Book](#)
- [Electronic Commerce](#)
- [Director General of Technology](#)
- [Ministry of Finance and Public Credit](#)
- [Nicaraguan Institute for Telecommunications and Postal Service \(TELCOR\)](#)
- [Harmonized Tax Law \(2012/822\)](#)
- [Nicaraguan Energy Institute](#)
- [StopFakes](#)
- [Embassy Managua Economic Section](#)

Leading Sectors for US Exports & Investments

Building Products / Construction Equipment

This is a best prospect industry sector for Nicaragua. It includes a market overview and trade data.

Overview

A significant expansion in residential and commercial building in Nicaragua has caused the construction sector to expand rapidly in recent years, reaching a historic growth rate of 23.6% in 2015, the highest in Central America. Following the 2015 boom, the construction sector stabilized in 2016. Public infrastructure investments are benefiting from international loans and forecast more dynamism for the construction sector in 2017 and 2018.

Homebuilding constitutes the largest component of the sector in terms of total area constructed and has benefited recently from government and private sector policies aimed at decreasing Nicaragua's housing shortage. The estimated housing deficit in the country is 957,000 units.

Construction Materials

US\$ million	2014	2015	2016	2017 (Estimated)
Total Local Production	555.1	692.1	691.7	760.9
Total Exports	NA	NA	NA	NA
Total Imports	309.2	365.2	368.6	NA

Imports from the US	21.5	24.9	22.5	NA
Total Market Size for Construction Materials	864.3	1,057.3	1,060.3	NA
Exchange Rates	26.0	27.3	28.6	30.1

(total market size = (total local production + imports) - exports)

Source: Nicaraguan Central Bank

Leading Sub-Sectors

Green construction is a niche sector that is growing in Nicaragua, with increasing demand for products such as solar panels, dry toilets and highly reflective windows. The sector also needs new technology and modernization techniques to sustain its growth. U.S. construction products enjoy a strong reputation for quality and reliability. Nicaraguan companies have expressed interest in purchasing construction equipment such as heavy trucks, compactors, concrete additives, formwork, and aluminum coating.

Opportunities

The [Ministry of Transportation](#) has announced its intentions to improve, maintain, and upgrade current infrastructure, creating opportunities in the construction industry.

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

The Nicaraguan Chamber of Construction indicates that there will be several opportunities in 2017 driven by major infrastructure projects such as hospitals in Leon, Chinandega, and Bilwi; roads connecting the remote and underdeveloped Atlantic Coast with the western part of the country; and water and wastewater projects in Masaya. Nicaragua also has projects to develop its electricity transmission network and energy network.

Web Resources

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

Hotel and Restaurant Equipment

Overview

The tourism industry is considered one of the most vibrant sectors of the Nicaraguan economy, experiencing consistent and sustained growth for almost a decade. In 2016, according to the Nicaraguan Ministry of Tourism (INTUR),

Nicaragua received 1.6 million tourists, generating \$642.1 million in revenue. Consequently, there is also an increased demand for hotel and restaurant equipment.

Leading Sub-Sectors

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

Opportunities

The Nicaraguan government offers several incentives for the tourism industry, including the Tourism Incentive Law 1999/306, which provides incentives and benefits for investments in lodging, food and beverages, tour operators, surface transportation of tourists, and airlines, among others.

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

Web Resources

[Ministry of Tourism](#)

[ProNicaragua](#)

[The Nicaraguan Tourism Chamber](#)

Hospitality and Food Service / Food Processing and Packaging Equipment

Overview

Nicaraguan and international companies are investing in food processing and packaging equipment to improve sanitary and quality standards for foods sold locally and for export. Fresh and processed foods are among Nicaragua's fastest growing exports, as well as more traditional export goods such as coffee.

Leading Sub-Sectors

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

Opportunities

Recently, the Government of Nicaragua has increased overall investment expenditures, mostly in roads and other economic infrastructure. This trend may continue as recently approved international loans will allow more projects to start running in 2017-2018.

Web Resources

[Foreign Agricultural Service](#)

Agribusiness – Yellow Corn

Overview

Nicaragua imports yellow corn from United States for the animal feed industry which continues to grow due to the rise of the poultry sector and the vertical

integration of the main cattle slaughterhouses. Most of the cattle slaughterhouses have feedlot operations and require yellow corn for their animal feed formulations. Nicaragua does not produce yellow corn.

	2014	2015	2016	2017 (Estimated)
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	28	33.9	53.5	58.85
Imports from the US	28	33.9	53.5	58.85
Total Market Size	28	33.9	53.5	58.85
Exchange Rates	26.0	27.3	28.6	30.1

(total market size = (total local production + imports) - exports)

Data Source: Nicaraguan Central Bank

Web Resources

[ANAPA - National Poultry Farmers and Food Producers Association](#)

[CANICARNE](#)

[Nicaraguan Central Bank Export Information](#)

Agribusiness – Wheat

Overview

Nicaragua depends on wheat imports for the baking industry since it does not produce anywheat. Most of the wheat that is imported comes from Russia followed by the United States.

	2014	2015	2016	2017 (Estimated)
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	17	44	28.9	32
Imports from the US	8.9	9.6	13.9	16

Total Market Size	17	44	28.9	32
Exchange Rates	26.0	27.3	28.6	30.1

(total market size = (total local production + imports) - exports)

Data Source: Nicaraguan Central Bank

Web Resources

[Nicaraguan Chamber of Industries](#)

[Nicaraguan Ministry of Finance and Public Credit](#)

[Nicaraguan Central Bank Export Information](#)

Agribusiness – Soybean Meal and Cake

Overview

Nicaragua imports soybean meal for the animal feed industry, especially for the poultry sector. The United States is the only supplier of soybean meal for Nicaragua.

	2014	2015	2016	2017 (Estimated)
Total Local Production	0	0	0	0
Total Exports	0	0	0	0
Total Imports	39.7	50.3	44.1	50
Imports from the US	39.7	50.3	44.1	50
Total Market Size	39.7	50.3	44.1	50
Exchange Rates	26.0	27.3	28.6	30.1

(total market size = (total local production + imports) - exports)

Data Source: Nicaraguan Central Bank

Web Resources

[ANAPA – National Poultry Farmers and Food Producers Association](#)

[Federation of Livestock Associations of Nicaragua](#)

[Nicaraguan Central Bank Export Information](#)

Trade Regulations, Customs, & Standards

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, are currently in effect through 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 now enter Nicaragua duty free. More than half of U.S. agricultural exports now enter Nicaragua duty free thanks to CAFTA-DR. Nicaragua will eliminate its remaining tariffs on nearly all agricultural goods by 2024, including those on pork, rice, and yellow corn. Nicaragua will eliminate its tariffs on chicken leg quarters and rice by 2023 and on dairy products by 2025. For certain products, such as poultry leg quarters, tariff rate quotas (TRQs) allow duty free access for increasing quantities as tariffs are phased out. Nicaragua will liberalize trade in white corn through expansion of a TRQ, but there is no tariff phase out.

Trade Barriers

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 Nicaraguan Customs Authority concerning these cases.

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

Import Requirements & 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

Laboratorio Nacional de Control de Calidad de Medicamentos

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

Tel: (505) 2244-1925

lnccm-cndrminsa@hotmail.com

Agriculture and Livestock

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. The general philosophy 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 required 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.

Nicaragua offers good opportunities for consumer-oriented products, primarily food preparations, non-alcoholic beverages (sweetened and flavored), snacks (including cookies and wafers) and sweets, breakfast cereals and pastries. The food retail, food service, and food processing sectors continue to grow. Supermarket chains have expanded and modernized and the number of restaurants has grown due to an increase in tourism. Since CY 2012, U.S. food processed exports to Nicaragua have increased in 25 percent.

Nicaragua also offers great opportunities for U.S. grains such as rice, wheat, yellow corn and semi processed products such as soybean meal and soybean oil. In the [Best Prospects Section](#) tables you can find the total market size of these best prospects.

Telecommunications

The [Nicaraguan Telecom 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 Halleslevens, 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).

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.

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.

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; or normalizacion@mific.gob.ni

CODEX Alimentarius Point of Contact
Telephone: 505-2248-9300 Ext. 1314
Email: codex@mific.gob.ni or normalizacion@mific.gob.ni

Information Center on Technical Barriers to Trade
Telephone: 2248-9300 Ext. 1314
Email: imartinez@mific.gob.ni; notificacion@mific.gob.ni;
normalizacion@mific.gob.ni

National Accreditation Office
Telephone: 505-2248-9300 Ext. 1325
Email: 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. 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.

In the case of professional non-residents, Nicaragua's tax law (822) and its 2015 reform (891) indicates that non-residents pay 15% of gross incomes (slightly more than residents). They also pay slightly more in insurance, communication, and transportation fees (see Art. 53).

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

Executive Summary

The Government of Nicaragua is actively seeking to increase economic growth by supporting and promoting foreign investment. The government emphasizes its pragmatic management of the economy through a model of consensus and dialogue with private sector and labor representatives. A key draw for investors is Nicaragua's relatively low-cost and young labor force, with approximately 75 percent of the country under 39 years old. Additionally, the country's relative physical safety compares favorably with other countries in Central America. Nicaragua is a party to the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) and enjoys a strong trade relationship with the United States.

To attract investors, Nicaragua offers significant tax incentives in many industries, including mining and tourism. These include exemptions from import duties, property tax incentives, and income tax relief. The country has a well-established free trade zone regime with major foreign investments in textiles, auto harnesses, medical equipment, call centers, and back office services. The construction sector has also attracted significant investment, buoyed by major infrastructure and housing projects, as well as the telecommunications sector, which resulted in enhanced mobile phone and broadband coverage. The country's investment promotion agency, ProNicaragua, is a well-regarded and effective facilitator for foreign investors. In October 2016, the Government of Nicaragua passed a Public-Private Partnership Law to facilitate infrastructure development.

Weak governmental institutions, deficiencies in the rule of law, and extensive executive control can create significant challenges for those doing business in Nicaragua, particularly smaller foreign investors. Many individuals and entities raise concerns about customs and tax operations in particular. The Embassy continues to hear accounts from U.S. citizens seeking redress for property rights violations and has raised concerns to the Government of Nicaragua about the infringement of private property rights affecting U.S. citizens.

Presidential elections held in 2016 further concentrated power, with an authoritarian executive branch exercising significant control over the legislative, judicial, and electoral functions. A bill was introduced in the U.S. Congress in April 2017 (H.R. 1918) which would prohibit the United States from supporting international financial institution loans to Nicaragua due to these shortcomings. Large-scale investors and firms with positive relations with the ruling party are advantaged in their dealings with government bureaucracy. There is a widespread perception that the judicial sector and police forces are politicized and are subject to external influence. Additionally, the important presence of state-owned enterprises and firms owned or controlled by government officials and members of the ruling party reduces transparency and can put foreign companies at a disadvantage.

Table 1

Measure	Year	Index/Rank	Website Address
TI Corruption Perceptions Index	2016	145 of 176	http://www.transparency.org/research/cpi/overview
World Bank's Doing Business Report "Ease of Doing Business"	2016	127 of 190	doingbusiness.org/rankings
Global Innovation Index	2016	116 of 128	https://www.globalinnovationindex.org/analysis-indicator
U.S. FDI in partner country (\$M USD, stock positions)	2015	USD \$183	http://www.bea.gov/international/factsheet/
World Bank GNI per capita	2015	USD \$1,940	http://data.worldbank.org/indicator/NY.GNP.PCAP.CD

Openness To, and Restrictions Upon, Foreign Investment

Policies Towards Foreign Direct Investment

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

The Government of Nicaragua emphasizes and encourages ongoing dialogue with investors through ProNicaragua and local Chambers of Commerce. ProNicaragua is the country's investment and export promotion agency and helps facilitate foreign investment. The agency provides a range of services, including information packages, investment facilitation, and prospecting services to interested investors. It is a well-regarded institution and has been recognized by international organizations as among the most effective investment promotion agencies in the region. However, business leaders believe its authority has weakened over the past year. For more information, go [here](#).

ProNicaragua is actively promoting investments in the following sectors: food processing and packaging, textiles, apparel and sporting goods, automotive and ground transportation, environmental technologies, and services. Additional government incentives also exist in the mining and energy sectors. As part of a power generation expansion plan, the government announced a number of clean energy projects that will be open to foreign investment. However, the government controls a pricing band on electricity produced from renewable technologies which currently discourages renewable

energy investment. All investment incentives and promotions are disseminated by ProNicaragua.

Limits on Foreign Control and Right to Private Ownership and Establishment

Foreign and domestic private entities have the right to establish and own business enterprises and engage in all forms of remunerative activity. Any individual or entity may make investments of any kind. In general, Nicaraguan law provides equal treatment for domestic and foreign investment. There are a few exceptions imposed by specific laws, such as the Border Law (2010/749), which prohibits foreigners from owning land in certain border areas. Domestic air transportation and television broadcasting also has certain limits on foreign ownership.

Nicaragua allows foreigners to be shareholders of local companies, but a company representative must be a national or a foreigner with legal residence in the country. Many companies satisfy this requirement by using their local legal counsel as a representative. Legal residency procedures for foreign investors can take up to three months and require in-person interviews in Managua.

The Government of Nicaragua does not formally screen, review, or approve foreign direct investments. However, President Daniel Ortega and the executive branch maintain de facto review authority over any foreign direct investment. This review process remains unclear and opaque.

Other Investment Policy Reviews

In the past three years, the Government of Nicaragua has not undergone any third-party investment policy reviews through multilateral organizations such as the Organization for Economic Co-operation and Development (OECD), World Trade Organization (WTO), or the United Nations Conference on Trade and Development (UNCTAD).

Business Facilitation

Nicaragua does not have an online business registration system. At a minimum, a company must typically register with the national tax administration, social security administration, and local municipality. According to the Ministry of Industrial Development and Trade (MIFIC), the process to register a business takes a minimum of 13 days. Establishing a foreign-owned limited liability company (LLC) takes 42 days, and one of the legal representatives of the company must be a resident of Nicaragua. There is no regime allowing simplified business creation without a notary. MIFIC has established single window offices (Ventanilla Unica) in several cities in Nicaragua to assist with business registration.

Outward Investment

The Government of Nicaragua does not promote or incentivize outward investment and does not restrict domestic investors from investing abroad.

Bilateral Investment Agreements and Taxation Treaties

Nicaragua has signed and ratified bilateral investment treaties with Argentina, Chile, the Czech Republic, Denmark, Finland, France, Germany, Italy, the Netherlands, the Russian Federation, South Korea, Spain, Switzerland, and the United Kingdom. Nicaragua also has treaties with investment provisions with Canada, Mexico, Panama, Taiwan, and CAFTA-

DR member states. Nicaragua does not have a bilateral income tax treaty with the United States or any other country.

In November 2016, Nicaragua and four other Central American countries signed a free trade agreement with South Korea. The agreement eliminates tariffs on about 95 percent of goods within ten years of implementation. The treaty has not yet entered into force.

Legal Regime

Transparency of the Regulatory System

Investors regularly complain that regulatory authorities are arbitrary, negligent, or slow to apply existing laws, at times in an apparent effort to favor one competitor over another. Lack of a reliable means to resolve disputes with government administrative authorities or business associates quickly results in some disputes becoming intractable. The vast majority of companies in Nicaragua have little accounting and few adhere to internationally accepted accounting standards.

Companies report that personal connections and affiliation with industry associations and chambers of commerce are critical to navigate the country's regulatory system. These channels tend to disfavor smaller investors and businesses. Ultimate rule-making and regulatory authority resides in the executive branch. Though municipal and ministerial authorities may enact decisions relevant to foreign businesses, all actions are subject to de facto approval by the Presidency.

Draft legislation is ostensibly made available for public comment through meetings with associations that will be affected by the proposed regulations. However, not all information is published on official websites and the legislature is not required by law to give notice. Draft texts may be distributed directly to stakeholders the government deems impacted by the legislation. The ruling Sandinista party has a super majority in the National Assembly, and the legislative branch has little power to modify legislation proposed by the Executive. The Superior Council of Private Enterprise (COSEP) is the main private sector interlocutor with the Government of Nicaragua and generally has the opportunity to review and comment on draft legislation affecting investment and regulation matters.

Key regulatory actions are published in La Gaceta, the official journal of government actions in Nicaragua, including official summaries and the full text of all legislation. There are limited oversight or enforcement mechanisms to ensure the government follows administrative processes.

International Regulatory Considerations

All CAFTA-DR provisions are fully incorporated into Nicaragua's national regulatory system. Nicaragua is a member of the WTO and notifies draft technical regulations to the WTO Committee on Technical Barriers to Trade.

Legal System and Judicial Independence

Nicaragua is a civil law country in which legislation is the primary source of law. The legislative process is found in Articles 140 to 143 of the Constitution. Difficulty in resolving commercial disputes, particularly the enforcement of contracts, remains one of the most serious drawbacks to investment in Nicaragua. The legal system is weak and cumbersome. Members of the judiciary, including those at senior levels, are widely believed to be corrupt and are subject to significant political pressure, especially from the executive branch. A

commercial code and bankruptcy law exist, but both are outdated and rarely used. While regulations and enforcement actions are technically appealable through judicial review, these procedures are not viewed as reliable.

The Nicaraguan Chamber of Commerce and Services founded in 2008 its Mediation and Arbitration Center with from the U.S. Agency for International Development (USAID). However, only large companies use this type of service due to cost and unfamiliarity with mediation and arbitration.

Laws and Regulations on Foreign Direct Investment

CAFTA-DR entered into force on April 1, 2006, for the United States and Nicaragua. The CAFTA-DR Investment Chapter establishes a secure, predictable legal framework for U.S. investors in Central America and the Dominican Republic. The agreement provides six basic protections: (1) nondiscriminatory treatment relative to domestic investors and investors from third countries; (2) limits on performance requirements; (3) the free transfer of funds related to an investment; (4) protection from expropriation other than in conformity with customary international law; (5) a minimum standard of treatment in conformity with customary international law; and (6) the ability to hire key managerial personnel without regard to nationality. The full text of CAFTA-DR is available [here](#).

In addition to CAFTA-DR, Nicaragua's Foreign Investment Law (2000/344) defines the legal framework for foreign investment. The law allows for 100 percent foreign ownership in most industries. (See Limits on Foreign Control and Right to Private Ownership and Establishment for exceptions.) It also establishes the principle of national treatment for investors, guarantees foreign exchange conversion and profit repatriation, clarifies foreigners' access to local financing, and reaffirms respect for private property.

In October 2016, the Government of Nicaragua passed a Public-Private Partnership Law (2016/935) that establishes a framework for collaboration with private companies in the design, construction, and management of public investments. The law further stipulates competitive and transparent bidding procedures for all public-private initiatives. The government hopes to attract private investment for several large infrastructure projects and water and sanitation investments through this initiative over the next five years, but the overall impact of the new law remains unclear.

MIFIC maintains an information portal regarding applicable laws and regulations for trade and investment [here](#). Foreign and national investors can find detailed information on administrative procedures applicable to investment and income generating operations including the number of steps, name and contact details of the entities and persons in charge of procedures, required documents and conditions, costs, processing time and legal bases justifying the procedures. The site is available only in Spanish.

Competition and Anti-Trust Laws

The Competition Promotion Law (2007/601) established the Institute for the Promotion of Competition (Procompetencia), to investigate and discipline businesses engaged in anticompetitive business practices, including price fixing, dividing territories, exclusive dealing, and product tying. Procompetencia does competent research but has no effective power. In October 2016, Procompetencia opened an investigation into price manipulation by four beef slaughterhouses after a formal complaint was filed by industry and consumer representatives. The investigation is ongoing and a ruling is expected by mid-2017.

Expropriation and Compensation

During the 1980's, the Government of Nicaragua confiscated approximately 28,000 properties in Nicaragua. Owners were often not compensated even though the right to compensation is recognized by law. Since 1990, thousands of U.S. citizens filed claims against the government to have their property returned or receive compensation through the administrative process established to address these claims. Section 527 of the Foreign Relations Authorization Act in 1994 threatened meaningful foreign assistance funding restrictions in response to outstanding property claims. In August 2015, the last of these claims was resolved. However, the Embassy continues to hear accounts from U.S. citizens seeking redress for property rights violations which were not covered by this legislation. The Embassy raises concerns to the government about infringement of private property rights affecting U.S. citizens.

Some U.S. citizens report difficulties exercising property rights due to lack of government action, such as failure by local authorities to remove illegal occupants or long unexplained delays in government authorities' performing basic duties such as cadastral surveys or issuance of documents needed by property owners. U.S. citizens have also encountered challenges executing and enforcing final court orders. The U.S. Government received reports of excessive government action, such as U.S. citizens having been subjected to false accusations as part of efforts to take their properties, including threats to incarcerate those who do not voluntarily surrender property. The U.S. Government continues to advocate that the government resolve all outstanding property claims and improve its overall investment and business climate. U.S. citizens who wish to report an expropriation or confiscation of their property by government authorities may contact ManaguaPropOffice@state.gov.

In June 2013, the Government of Nicaragua granted a 100-year concession to Hong Kong Nicaragua Canal Development Investment Company Limited (HKND) to seek funds to build a canal through Nicaragua. This concession included a law that allows the Canal Authority to expropriate any land needed for canal purposes, including land and property outside the proposed canal route. The Nicaraguan law that grants the canal concession states that property owners will be paid at "cadastral value," which U.S. investors fear will be below fair market value and in violation of the Government of Nicaragua's obligations under CAFTA-DR. The U.S. Embassy in Managua has repeatedly reminded government officials of Nicaragua's obligation under CAFTA-DR Investment Chapter to pay prompt, adequate, and effective compensation when expropriating property for a public purpose as well as the need for an open and transparent process for the Canal design and development.

Dispute Settlement

ICSID Convention and New York Convention

Nicaragua is a member of the Convention of the Settlement of Investment Disputes between States and Nationals of Other States (ICSID). The Government of Nicaragua signed the 1958 New York Convention on the recognition and enforcement of foreign arbitration awards in 2003. There is no specific domestic legislation providing for enforcement under the 1958 New York Convention or for the enforcement of awards under the ICSID Convention.

Investor-State Dispute Settlement

CAFTA-DR establishes an investor-state dispute settlement mechanism. An investor who believes the government has breached a substantive obligation under CAFTA-DR or that the government has breached an investment agreement may request binding international arbitration in a forum defined by the Investment Chapter in the Agreement. To date, there have been no claims by U.S. investors under this agreement.

International Commercial Arbitration and Foreign Courts

The Mediation and Arbitration Law (2005/540) establishes the legal framework for alternative dispute resolution. The Nicaraguan Chamber of Commerce and Services founded Nicaragua's Mediation and Arbitration Center. Arbitration clauses should be included in business contracts, but legal experts are uncertain whether local courts would enforce awards resulting from international or local proceedings.

Enforcement of court orders is frequently subject to non-judicial considerations. Courts routinely grant injunctions (“amparos”) to protect citizen rights by enjoining official investigatory and enforcement actions indefinitely. Foreign investors are at a disadvantage in disputes against nationals with political or personal connections. Misuse of the criminal justice system sometimes results in individuals being charged with crimes arising out of civil disputes, often to pressure the accused into accepting a civil settlement.

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

Bankruptcy Regulations

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

Industrial Policies

Investment Incentives

The Social Housing Construction Law (2009/ 677) provides incentives for the construction of housing units 36–60m² in size with construction costs less than USD 30,000 per unit. Developers are exempt from paying local taxes on the construction, purchase of materials, equipment or tools. Additional tax breaks are also available.

The Hydroelectric Promotion Law (amended 2005/531) and the Law to Promote Renewable Resource Electricity Generation (2005/532) provide incentives to invest in electricity generation, including duty free imports of capital goods and income and property tax

exemptions. Regulatory concerns limit investment despite these incentives (see Transparency of the Regulatory System). In particular, private investment in hydroelectric dams is banned from the Asturias, Apanás, and Río Viejo Rivers, and the approval of the National Assembly is required for projects larger than 30 megawatts on all other rivers.

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

The Fishing and Fish Farming Law (2004/489) exempts gasoline used in fishing and fish farming from taxes. This law's Article 111 was amended (2012/797) to allow individuals or companies to request a temporary permit to take advantage of unexploited or underexploited aquatic resources during closed season. Environmental regulations also apply (see Transparency of the Regulatory System).

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

Foreign Trade Zones/Free Ports/Trade Facilitation

The National Free Trade Zone (FTZ) Commission, a government agency, regulates FTZ activities. As of 2016, 176 companies operate with FTZ status in Nicaragua and employ approximately 115,000 people. The Nicaraguan Customs Agency monitors all FTZ imports and exports. Most free zones are in Managua and approximately 40 percent belong to the textile and apparel sector.

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

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

Performance and Data Localization Requirements

Article 14 of the Nicaraguan Labor Code states that 90 percent of any company's employees must be Nicaraguan. The Ministry of Labor may make exceptions when justified for technical reasons.

Although visas and work permit procedures are not excessively onerous for foreign investors and their employees, Nicaraguan authorities have denied entry to or expelled foreigners, including U.S. government officials, NGO workers, academics, journalists, and others for reasons not clearly defined.

Foreign investors in Nicaragua are not required to purchase from local sources or to export a specific percentage of output, nor are their access to foreign exchange limited in proportion to their exports. Likewise, Nicaraguan tax and customs incentives apply equally to foreign and domestic investors.

There are no requirements for foreign IT providers to turn over source code or provide access to surveillance.

Protection of Property Rights

Real Property

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

During the current administration, there are continued reports of land invasions. President Ortega declared on numerous occasions that the government will not act to evict those who have illegally taken possession of private property without discrimination for the nationality of the owner. Police often refuse to intervene in property invasion cases or assist in the enforcement of court orders to remove illegal occupants.

Those interested in purchasing property in Nicaragua should seek experienced legal counsel very early in the process.

The Capital Markets Law (2006/587) provides a legal framework for securitization of movable and real property. The banking system is expanding its loan programs for housing purchases and car purchases, but there is currently only a limited secondary market for mortgages.

Intellectual Property Rights

Nicaragua established standards for the protection and enforcement of intellectual property rights (IPR) through CAFTA-DR implementing legislation consistent with U.S. and emerging international intellectual property standards. While the legal regime for protection of IPR in Nicaragua is adequate, enforcement has been limited. Piracy of optical media and trademark violations are common. The United States also has concerns about the implementation of Nicaragua's patent obligations under CAFTA-DR, including the mechanism through which patent owners receive notice of submissions from third parties,

how the public can access lists of protected patents, and the treatment of undisclosed test data. The country does not publicly report on seizures of counterfeit goods. Nicaragua is not listed in the Office of the U.S. Trade Representative's Special 301 Report or the Notorious Market report.

For additional information about national laws and points of contact at local IP offices, please see WIPO's country profiles [here](#).

Financial Sector

Capital Markets and Portfolio Investment

Existing policies allow the free flow of financial resources into the product and factor markets, as well as foreign currency convertibility. The Central Bank respects IMF Article VIII and does not impose any restrictions. Credit is allocated on market terms, and foreign investors are able to secure credit on the local market through a variety of credit instruments. The overall size and depth of the country's financial markets and portfolio positions are very limited, however.

Money and Banking System

Among other services, local financial institutions offer commercial loans, credit lines, factoring, leasing, and bonded warehousing. The banking industry is highly concentrated, with three banks (BANPRO, Lafise BANCENTRO, and BAC) constituting 77 percent of the country's market share. As of December 2016, the three banks had total assets worth \$5.7 billion. BANCORP, a new bank owned by ALBANISA and with close ties to the Government of Nicaragua, began accepting deposits in 2015. Interest rates are relatively high compared with other countries in the region, and financial markets are shallow. The country's banks have a limited number of correspondent banking relationships with U.S. banks.

The Foreign Investment Law allows foreign investors residing in the country to access local credit and local banks have no restriction in accepting property located abroad as collateral. However, many investors find lower cost financing and more product variety from offshore banks. Short-term government and Central Bank bonds, issued in Córdobas, dominate Nicaragua's infant but growing capital market, and some limited stock issuances have become more prominent. Foreign banks have acquired a presence in Nicaragua through the purchase of local banks, many acting as second floor banks.

Foreigners are allowed to open bank accounts as long as they are legal residents in the country. Recent Central Bank data show that in 2016 the credit portfolio of Nicaraguan commercial banks grew 18 percent. The banking system's loan portfolio totaled \$5.7 billion as of December 2016. Interest rates on loans denominated in Córdobas averaged 11.47 percent; loans denominated in U.S. dollars averaged 9.12 percent. Loans denominated in U.S. dollars accounted for 89 percent of loans and 76 percent of deposits.

The Superintendent of Banks and other Financial Institutions (SIBOIF) regulates banks, insurance companies, stock markets, and other financial intermediaries. SIBOIF requires that supervised entities provide audited financial statements, prepared according to international accounting standards, on a regular schedule. The Deposit Guarantee System Law (2005/551) established the Financial Institution Deposit Guarantee Fund (FOGADE) to guarantee bank deposits up to \$10,000 per depositor, per institution. SIBOIF dependence on commercial banks limits its transparency and independence.

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

Foreign Exchange and Remittances

Foreign Exchange

Nicaragua is a highly-dollarized economy. The Foreign Investment Law (2000/344) and the Banking, Nonbank Intermediary, and Financial Conglomerate Law (2005/561) allow investors to convert freely and transfer funds associated with an investment. CAFTA-DR ensures the free transfer of funds related to a covered investment. Local financial institutions freely exchange U.S. dollars and other foreign currencies. The Superintendent of Banks and other Financial Institutions (SIBOIF) monitors financial transactions for illicit activity, and the Financial Intelligence Unit (UAF) enforces anti-money laundering legislation. Transfers of funds over \$10,000 requires additional paperwork and due diligence.

The official exchange rate is adjusted daily by the Nicaraguan Central Bank (BCN) according to a crawling peg that devalues the Cordoba against the U.S. dollar at an annual rate of five percent since 2004. The Central Bank has made no statements indicating they will change this policy. The official exchange rate as of December 31, 2016, was 29.32 Córdobas to one U.S. dollar. The daily exchange rate can be found on the [Central Bank's website](#). According to the BCN, the accumulated rate of inflation for 2016 was 3.13 percent.

Remittance Policies

The Foreign Investment Law (2000/344) allows foreign investors to transfer funds abroad, whether dividends, interest or principal on private foreign debt, as well as royalties, and from compensation payments for declarations of eminent domain. Foreign investors also enjoy foreign currency convertibility through the local banking system. There are no limitations on the inflow or outflow of funds for remittances of profits or revenue.

Sovereign Wealth Funds

Nicaragua does not have a sovereign wealth fund.

State-Owned Enterprises

President Ortega has used funds provided by Venezuela through the Bolivarian Alliance for the Americas (ALBA) to increase the role of the state and quasi-state actors in the economy. Through Petronic, Nicaragua's state-owned oil company, the government owns a 49 percent share in ALBA de Nicaragua (ALBANISA), the company that imports and monetizes Venezuelan petroleum products through the ALBA Energy Agreement. President Ortega and the Sandinista Party (FSLN) have reportedly used ALBANISA funds to purchase television and radio stations, hotels, cattle ranches, electricity generation plants, and pharmaceutical laboratories. ALBANISA's large presence in the Nicaraguan economy and its ties to the Government of Nicaragua government put companies trying to compete in industries dominated by ALBANISA or government-managed entities at a disadvantage.

The government owns and operates the National Sewer and Water Company (ENACAL), National Port Authority (EPN), National Lottery, and National Electricity Transmission Company (ENATREL). Private sector investment is not permitted in these sectors. In sectors where competition is allowed, the government owns and operates the Nicaraguan Insurance Institute (INISER), Nicaraguan Electricity Company (ENEL), Las Mercedes Industrial Park, Nicaraguan Food Staple Company (ENABAS), the Nicaraguan Post Office, the International Airport Authority (EAAI), and the Nicaraguan Petroleum Company (Petronic). Through the Nicaraguan Social Security Institute (INSS), the government owns a pharmaceutical manufacturing company, and other companies and real estate holdings. The Military Institute of Social Security (IPSM) also has a controlling interest in companies in the construction, manufacturing, and services sectors. Other companies have unclear ownership structures that likely include at least a minority ownership by the Government of Nicaragua or government officials.

Total assets of all SOEs in Nicaragua are unknown as not all SOEs have publicly available or audited accounts. There are few mechanisms to ensure the transparency and accountability of state business decisions. The U.S. Department of State's Fiscal Transparency report cites the need for Nicaragua to improve reporting on allocation to and from state-owned enterprises. Nicaragua is not a signatory to the WTO Agreement on Government Procurement.

Privatization Program

Nicaragua does not have a privatization program.

Responsible Business Conduct

Many large businesses have active Responsible Business Conduct (RBC) programs that include improvements to the workplace environment, business ethics, and community development initiatives. The Nicaraguan Union for Corporate Social Responsibility (UniRSE), which includes 102 companies, is working to create more awareness for CSR in Nicaragua. UniRSE organizes events and studies best practices throughout the region. Increasingly, both Nicaraguan and foreign businesses recognize that Corporate Social Responsibility (CSR) and RBC programs must go beyond compliance with environmental or labor law, but more work is needed in this area.

The Government of Nicaragua does not factor RBC policies or practices into its procurement decisions nor explicitly encourage generally accepted RBC principles. The government does not participate in the Extractive Industries Transparency Initiative or the Voluntary Principles on Security and Human Rights. There are no domestic transparency measures requiring the disclosure of payments made to governments.

Corruption

Public sector corruption remains a major challenge for U.S. firms operating in Nicaragua. Companies report that bribery of public officials, unlawful seizures, and arbitrary assessments by customs and tax authorities are common. Corruption is particularly prevalent within the judicial system. In a 2016 survey of 2,500 Nicaraguan companies, one-third of all respondents reported arbitrariness and illegal actions by government offices that regulate property rights and business establishment.

Nicaragua has a well-developed legislative framework criminalizing acts of corruption, but it is poorly and unevenly enforced. The Penal Code (amended 2007/641) and the Special

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

Nicaragua ratified the United Nations Convention against Corruption (UNCAC) in 2006 and the Inter-American Convention Against Corruption in 1999. The country is not party to the OECD Convention on Combatting Bribery of Foreign Public Officials in International Business Transactions.

Resources to Report Corruption

Nicaragua's Supreme Audit Institution is the Contraloría General de la Republica de Nicaragua (CGR). The CGR can be reached at +505 2265-2072 and more information is available at its [website](#).

Political and Security Environment

In 2016, political, economic, and social demonstrations occurred sporadically. Many demonstrations involved opposition to the proposed building of an interoceanic canal and demands for transparent elections. The motives for other demonstrations included workers/veterans rights, availability of public utilities, traffic and transportation concerns, and other national issues. Additionally, increased politically-motivated violence is reported in the Northern Departments of the country, and crime rates in the Mining Triangle and the Caribbean Coast remain significantly higher than in other parts of the country.

Most demonstrations begin peacefully, but the presence of counter-demonstrators, often directed by the government or police can lead to an escalation in tension and violence. Typically, protests in Managua take place at major intersections or rotundas, impeding traffic flows. Outside the capital, they often take place in the form of road/highway blockages. Protests included the use of gunfire, tear gas, fireworks, rock throwing, tire/vehicle burning, and road blocks.

The United States is deeply concerned by the flawed presidential and legislative electoral process in Nicaragua, which precluded the possibility of a free and fair election on November 6, 2016. In advance of the elections, the Government of Nicaragua sidelined opposition candidates for president, limited domestic observation at the polls and access to voting credentials, and took other actions to deny democratic space in the process. The decision by the government not to invite independent international electoral observers further degraded the legitimacy of the election. The U.S. government continues to press the Government of Nicaragua to uphold democratic practices including press freedom and respect for universal human rights in Nicaragua, consistent with our countries' shared obligations under the Inter-American Democratic Charter.

Labor Policies and Practices

While official unemployment rates are low (6.3 percent in 2015), 55 percent of the working population is underemployed and nearly three-quarters of all employment is in the informaleconomy. Nicaragua lacks skilled and technical labor and often employers import administrative or managerial employees from outside of the country. Recent studies show a particular need for technical level workers. The minimum wage is low and revised every six months through a dialogue process between the private sector, labor unions, and the government. As of 2017, the monthly minimum wage is between \$122 and \$273, depending on the industry.

Per Nicaraguan labor law, at year-end employers must pay an equivalent of an extra month's salary. Upon termination of an employee, the employer must pay a month's salary for each year worked, up to five months' salary. Some business groups say this provides an incentive for workers to seek dismissal once they have completed five years with a firm. There are no special laws or exemptions from regular labor laws in the free trade zones.

The law provides for the right of all public and private sector workers, with the exception of those in the military and police, to form and join independent unions of their choice without prior authorization and to bargain collectively. Workers can exercise this right in practice, though unofficial roadblocks exist for unions not affiliated with the ruling party. The law provides the right to collective bargaining. A collective bargaining agreement cannot exceed two years and is automatically renewed if neither party requests its revision. Strikes are legal and the government generally does not interfere in private sector disputes. However, there are instances when the government has forcefully intervened in labor disputes and strikes.

For more information regarding labor conditions in Nicaragua, please see the annual Human Rights Report and the Department of Labor Child Labor report [here](#).

OPIC and Other Investment Insurance Programs

The U.S. Overseas Private Investment Corporation (OPIC) offers financing and insurance against political risk, expropriation, and inconvertibility to U.S. investments in Nicaragua. Nicaragua is a member of the World Bank's Multilateral Investment Guarantee Agency.

Foreign Direct Investment and Foreign Portfolio Investment Statistics

Table 2: Key Macroeconomic Data, U.S. FDI in Host Country/Economy

Economic Data	Host Country	Year	Amount	Year	Amount	USG
						Host Country Statistical source*
Gross Domestic Product (\$M USD)		2016	\$13.29bn	2015	\$12.69bn	World Bank

Foreign Investment	Direct	Host Statistical	Country source*	USG international statistical source	or USG or international	Source of data: BEA; IMF; Eurostat; UNCTAD, Other
--------------------	--------	------------------	-----------------	--------------------------------------	-------------------------	---

U.S. FDI in partner country (\$M USD, stock positions)	N/A	N/A	2015	\$183m	BEA	
--	-----	-----	------	--------	-----	--

Host country's FDI in the United States (\$M USD, stock positions)	N/A	N/A	2014	\$27m	BEA	
--	-----	-----	------	-------	-----	--

Total inbound stock of FDI as % host GDP	2016	6.7%	N/A	N/A		
--	------	------	-----	-----	--	--

*Source: Central Bank of Nicaragua, Annual Report. Published annually March 31.

Table 3: Sources and Destination of FDI

Note: The IMF's CDIS site does not have the data available for Nicaragua, nor is such data available from publicly-available Government of Nicaragua sources.

Direct Investment from/in Counterpart Economy Data

From Top Five Sources/To Top Five Destinations (US Dollars, Millions)

Inward Direct Investment			Outward Direct Investment	
Total Inward	Amount	100%	Total Outward	
N/A			N/A	

"0" reflects amounts rounded to +/- USD 500,000.

Table 4: Sources of Portfolio Investment

Note: The IMF's CDIS site does not have the data available for Nicaragua, nor is such data available from publicly-available Government of Nicaragua sources.

Portfolio Investment Assets					
Top Five Partners (Millions, US Dollars)					
Total		Equity Securities		Total Debt Securities	
All Countries	Amount 100%	All Countries	Amount 100%	All Countries	Amount 100%
N/A		N/A		N/A	
N/A		N/A		N/A	
N/A		N/A		N/A	
N/A		N/A		N/A	
N/A		N/A		N/A	

Contact for More Information on the Investment Climate Statement

Embassy Managua – Economic Section
 Km 5½ Carretera Sur, Managua, Nicaragua
 +505 2252-7100
 ManaguaEcon@state.gov

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 for an overview of the financial sector.

Foreign Exchange Controls

There are no foreign exchange controls. See the Investment Climate Statement 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

Banco Lafise BANCENTRO

Centro Lafise, Km 5 1/2 Carretera a Masaya

Tel: 505-2278-0803

Fax: 505-2278-6001

Email: info@bancentro.com.ni

Banco de América Central (BAC)

Edificio BAC, Km 4 1/2 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

Banco Ficohsa Nicaragua

Edificio Ficohsa Plaza España, Rotonda El Gueguense 20 varas al oeste

Tel: 505-2280-9340

Email: servicioalclientenic@citi.com

Banco ProCredit

Casa Matriz, Avenida Jean Paul Genie

Tel: 505-2223-7676

Email: atencionclientes@procredit.com.ni

Project Financing

Long-term financing is generally available as international banks introduce new products to the local market. Average loan rates are generally much higher than those available to U.S. businesses from banks outside Nicaragua. Loans are available both in dollars and córdobas, the local currency. Significant collateral is required to borrow locally, which may pose a constraint for businesses that lack assets in Nicaragua. Real estate mortgages are issued for terms of up to 20 years. The equity market is extremely 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:

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](#) and the [World Bank](#).

Web Resources

[Commercial Liaison Office to the Inter-American Development Bank](#)

[Commercial Liaison Office to the World Bank](#)

Financing Web Resources

- [Commercial Liaison Office to the Inter-American Development Bank](#)
- [Commercial Liaison Office to the World Bank](#)
- [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.

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](#)

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

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 daily roundtrip flights from the United States to Nicaragua, including American (Miami), United (Houston), Delta (Atlanta), and Spirit (Fort

Lauderdale). Many of these airlines plan to expand services between Nicaragua and the United States in 2017. 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 do 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 (March 29, 2018)

Good Friday: Variable (March 30, 2018)

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](#)