

A Primer on Exporting to Nicaragua

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Abstract

Every year the U.S. Department of State publishes extensive Country Commercial Guides for a large number of countries. These guides provide a great deal of information useful to individuals interested in developing exports markets either through direct exports or through direct foreign investment. This paper provides an abridged version of the Country Commercial Guide for Nicaragua as well as supplemental information of direct relevance to agribusiness firms. It is hoped that the information in this report provides a useful starting point for individuals interested in exploring export or investment opportunities in Nicaragua.

Keywords: Nicaragua, agribusiness, export guide, trade, foreign investment

Introduction

Every year the U.S. Department of State publishes extensive Country Commercial Guides for a large number of countries.¹ These guides provide a great deal of information useful to individuals interested in developing export markets either through direct exports or through direct foreign investment. This paper provides an abridged version of the Country Commercial Guide for Nicaragua as well as supplemental information of direct relevance to agribusiness firms. It is hoped that the information in this report provides a useful starting point for individuals interested in exploring export or investment opportunities in Nicaragua.

Economic and Political Overview

Nicaragua is one of the world's most indebted countries on a per capita basis. It is highly dependent on foreign donations and remittances. Nicaragua is currently negotiating an IMF program that, if adhered to, would lead to the relief in 2003 of \$4.5 billion of Nicaragua's \$6.3 billion external multilateral and bilateral debt under the Heavily Indebted Poor Countries (HIPC) initiative. In order to do this, the Bolaños administration needs to produce a plan for fiscal reform, show progress on the liquidation of Central Bank assets and deal with Nicaragua's internal debt crisis. Forecasts of real GDP growth in 2002 range from 1 to 2 percent.

Nicaragua's economy grew by 3 percent in 2001, slower than the 4 percent growth in 2000. The lower growth rate primarily reflected the steady decline in prices for Nicaragua's main export commodities, especially coffee, as well as the failures of four national banks in one year and uncertainty surrounding the November 2001 presidential elections. In 2001, Gross Domestic Product (GDP) reached \$2.24 billion. Tourism, agriculture, construction, mining, telecommunications, and commerce are expected to be the principal growth sectors over the next few years. Private investment, both local and foreign, has declined, falling from \$300 million in 1999 to \$110 million in 2001. As a result of continued high population growth, GDP per capita grew by only .01 percent in 2001 to an estimated \$460, the second lowest in the hemisphere.

In 2001, the primary sector (including farming, livestock, fisheries and forestry) accounted for 30 percent of Nicaragua's GDP, over 68 percent of exports, and 44 percent of labor generation. The agricultural sector grew by 2.3 percent in 2001, down from 11 percent growth in 2000. Although the volume of several key commodities was near record levels, low commodity prices (especially for coffee) largely deflated the agricultural sector. The Nicaraguan government, as well as the international donor

¹ "County Commercial Guides are available for U.S. exporters from the National Trade Data Bank's CD-ROM or via the Internet. Please contact Stat-USA at 1-800-STAT-USA for more information. Country Commercial Guides can be accessed via the World Wide Web at: <http://www.stat-usa.gov>, <http://www.state.gov/>, and <http://www.mac.doc.gov>. They can also be ordered in hard copy or on diskette from the National Technical Information Service (NTIS) at 1-800-553-NTIS. U.S. exporters seeking general export information/assistance and country-specific commercial information should contact the U.S. Department of Commerce, Trade Information Center by phone at 1-800-USA-TRADE or by fax at (202) 482-4473" (U.S Department of State, 2001, p. 2).

community, has placed great emphasis on agricultural reactivation. Farming grew by 7.7 percent in 2001, down from 13.2 percent in 2000. Meat was the only agricultural commodity whose price remained constant while its production volume increased. Exports of slaughtered animals grew by 9 percent, while exports of live animals grew by 7 percent. Fishing declined by 10 percent in 2001, down from a 14 percent increase in 2000. Nicaragua's low population density and ample grazing land offer future potential for further expansion of the livestock sector.

Nicaragua is essentially an agricultural economy with a small manufacturing base. It is dependent on imports for most manufactured, processed, and consumer goods. In recent years the government has liberalized the foreign trade regime, sharply reduced tariffs, and eliminated most non-tariff barriers and foreign exchange controls.

The U.S. remains by far Nicaragua's largest trading partner. Two-way trade in 2001 totaled \$975 million, of which \$609 million were Nicaraguan exports and \$366 million were U.S. exports. These figures have risen steadily in recent years and are expected to continue to do so. Nicaraguan consumers maintain an evident preference for American products and U.S.-style services.

The best prospects for U.S. sales include agricultural commodities, fertilizer, farm equipment, food processing/packaging machinery, medical supplies, data processing equipment, electrical equipment, franchising, construction equipment, and motor vehicles and spare parts. Investment opportunities exist in export-oriented manufacturing, tourism, mining, and agriculture. Opportunities also exist in road building, water system construction and management, telecommunications, and electricity generation.

Marketing U.S. Products and Services

There are a number of factors that should be considered in exporting products to Nicaragua. This section provides a brief overview of many critical factors that must be considered.

Distribution and Sales Channels

Local distributors and agents handle distribution and sales of imported products. The Nicaraguan retail market is small though expanding.

Use of Agents/Distributors: Finding A Partner

The May 1997 retroactive tax reform legislation abolished the law on local agents and distributors, whereby the interests of these parties were afforded considerable protection and the termination of such a relationship could prove costly. Currently, contracts are based solely on party mutual consent. Nevertheless, contracts in effect prior to the May 1997 tax reform legislation remain valid.

Partnerships between U.S. and Nicaraguan businesses are common. There is no clearinghouse of information for finding a partner in Nicaragua. It is recommended that U.S. companies seeking agents, distributors, or partners in Nicaragua either purchase the

International Partner Search (IPS) from their nearest U.S. Department of Commerce District Office or contact the Commercial Section of [U.S. Embassy Managua](#), the [Nicaraguan Center for Export and Investment \(CEI\)](#), or local business chambers.

Franchising

Nicaragua has no specific law regulating franchises. Prospective franchise proprietors must follow the general regulations concerning foreign investment and starting a business contained in the Commercial Code and Foreign Investment Law. The franchise market for Nicaragua is booming, particularly for fast food. According to the [Nicaraguan Tourism Institute](#), projected investment in fast food restaurants in Nicaragua will total an estimated \$21 million from 1997-2003.

Direct Marketing

There is little direct marketing in Nicaragua at the present time. No specific law or regulation governs the field. Obstacles to profitable direct marketing include an unreliable postal service, inconsistent treatment of goods at Customs, and the lack of an efficient delivery system.

Joint Ventures/ Licensing

The Commercial Code governs all types of business organizations. The code permits joint ventures, license arrangements, general and limited partnerships, and corporations. Foreign investors are generally accorded national treatment under the Commercial Code.

Steps To Establishing An Office

There are various ways to establish a business in Nicaragua. The two most common are as a sole proprietorship or as a corporation. The basic steps for organizing a business are as follows:

1. Register and incorporate the business at the [Ministry of Finance](#) (Ministerio de Hacienda y Crédito Público). After paying the registration fees, a tax identification number must be acquired (note: if incorporating, a notarized letter from the corporation's board of directors authorizing incorporation in Nicaragua is required).
2. Register with the Office of the Mayor of the Department where the business is located. At this office, the new business may elect to pay a fixed tax quota on sales or contract an accountant to maintain detailed records. If the accountant option is chosen, the books must be registered with the Ministry of Finance's Office of Fiscal Records.

In addition to these steps, other permits/licenses may be required depending on the business in question. We recommend the retention of an experienced commercial attorney for any investor interested in establishing an operation in Nicaragua.

Selling Factors/Techniques

Sales and marketing techniques in Nicaragua are increasing in sophistication. Most

advertising takes place on the radio, in newspapers, on television, and, to a lesser extent, via internet and through billboards. Trade fairs and industry-specific shows have become more frequent in the past few years. Companies are adopting more modern marketing techniques, such as door-to-door advertising and special sales promotions. Advances in marketing come in response to Nicaragua's economic growth and liberalization, as well as the greater availability of financing and a larger selection of goods.

Advertising and Trade Promotion

Most business advertising and trade promotion in Nicaragua is conducted through the print media. There are a few regularly scheduled trade shows in Nicaragua. Trade events are usually held at the Hotel Intercontinental Managua Convention Center or the Olof Palme Convention Center in Managua.

Pricing Products

There are no price controls with the exception of controls on pharmaceutical sales margins, sugar, domestically produced soft drinks, national cigarettes and liquefied natural gas.

Sales Service/Customer Support

Most local businesses place little emphasis on sales service and customer support. U.S. and foreign businesses that have made customer service a priority have been well received.

Selling To The Government

Nicaragua's law on Government Procurement went into effect in January 2000. This law regulates all government purchases except for certain acquisitions by the Ministry of Defense and the National Police on the grounds of national security. Purchases even partially financed by loans or grants from foreign governments or international organizations are conducted according to the procedures of the financing organization. To participate in any government procurement one must first register at the government's Suppliers' Registry at the [Ministry of Finance](#). Within the first month of every fiscal period every agency or ministry subject to the present law must publish a calendar of bids projected for that fiscal period, with detailed information on the type of services to be acquired, projects to be performed, and material or equipment to be purchased.

Protecting Your Product From IPR Infringement

Patent applications must be filed with the [Ministry of Development, Industry and Trade \(MIFIC\)](#) at the Intellectual and Industrial Property Registry. Fees are \$200 for applying. Both parties determine an examination fee. Fees range from \$50 for the first 6 years to \$600 for a twenty-year license. On average, there is a minimal six-month delay for issuance. Protection is granted for 20 years from the date of application.

Copyright applications must also be filed with the Intellectual and Industrial Property Registry at MIFIC. There is a \$10 information service fee, a \$40 registration fee, a \$70 fee for phonograms, a \$100 fee for computer software, and a \$20 fee for registration of contracts. Registration forms cost \$2 each, audiovisual applications cost \$70 each, and

photography costs \$20. There is a one-month delay for issuance. The protection granted is for the lifetime of the author and up to 70 years of the lifetime of his/her heirs.

Trademark applications must be filed with the Intellectual and Industrial Property Registry at MIFIC. There is a \$50 charge to publish the trademark in the government gazette and, on average, a 6-9 month delay for issuance. The applicant must present a sample of the trademark for which protection is being requested with the application. Intellectual property rights protection in Nicaragua does not meet international standards, although there has been considerable progress over the past several years. The government still must develop a credible enforcement regime.

Need For A Local Attorney

Local attorneys are recommended for all business activities. There are numerous law firms in Managua with experience in international business and with English-speaking attorneys on staff.

Agribusiness Industry Prospects

In 2001, the agricultural sector, consisting of traditional agriculture, livestock, fisheries, and forestry, represented 30 percent of Nicaragua's GDP. The sector grew at 2.3 percent, after growing by 10.6 percent in 2000. Reasons for the slower growth include the drop in international coffee prices, declines in the prices of sugar, bananas, and other products, and investment disputes among shrimp farmers.

In the area of U.S. government sponsored credit, USDA offers the [GSM-102 and GSM-103 and Facility Guarantee Credit Programs](#) through local banks BAC and Bancentro. U.S. agricultural commodities that qualify for this credit include, but are not limited to, feed grains, seed, semen, live animals, wood, and rice. Also available is the Supplier Credit Program, whereby USDA approved exporters can offer insured credit to Nicaraguan importers. From time to time, USAID offers credit through local channels to Nicaraguan farmers.

Wheat

In 2001, U.S. exports of wheat to Nicaragua totaled \$12.7 million. Three private mills export wheat to Nicaragua from the United States. Nicaragua imports primarily spring wheat and small quantities of soft wheat and hard red.

Rice

The U.S. exported \$26.7 million of rice to Nicaragua in 2001. A few private rice importers import the largest quantities. U.S. exports of milled rice (10 and 20 percent broken) are usually in 50-kg bags (which are repackaged locally into smaller bags of 2.2-kg), and small quantities of retail-size rice are exported directly. There is an internal agreement between the government of Nicaragua and rice millers, whereby millers that purchase local rice are given a tariff reduction on imported rice. In mid-2001, the government increased its tariff on rice imports to 103 percent.

High-Value, Consumer-Oriented Agricultural Products

In 2001, U.S. exports of consumer food products reached \$20.5 million. This included snacks, breakfast cereals, spices, red meats (fresh/chilled/frozen), juices, dairy products, processed fruits, processed vegetables, wine, and beer. In 2000, imports of this nature were in the same range.

Vegetable Oils

In 2001, U.S. exports of vegetable oil to Nicaragua totaled \$14.7 million. Some \$7.4 million of this amount was soybean-based. Nicaragua also imports soybean oil from Argentina, palm oil from Malaysia, and palm oil (stearin) from Honduras.

Tallow

In 2001, U.S. exports of animal fats to Nicaragua totaled \$3.1 million. Nicaragua produces only about 2,800 MT of tallow per year and normally consumes 17,000 to 19,000 MT.

Agro-Chemicals

In 2001, the Central Bank of Nicaragua reported overall agro-chemical imports of \$5 million. This is a significant drop compared to 2000, when reported imports were \$39 million. This decline may be attributed largely to the drop in coffee prices, which has discouraged coffee growers from investing in their farms. The main chemicals used in recent years include nitrogen, fungicides, herbicides, and compound formula fertilizers. The main countries that export chemicals to Nicaragua include the United States, Europe and other Central American countries.

Soybean meal

In 2001, Nicaragua imported \$5.2 million of soybean meal from the United States compared to \$5.3 million the previous year.

Poultry and Livestock Genetics

In 2001, U.S. exports of hatching eggs to Nicaragua reached \$4.4 million, compared to \$4.3 million the previous year. The growing Nicaraguan poultry meat industry, high-quality U.S. genetics, and adequate incubator space have led to increased poultry genetics imports, mostly from the United States. In 2001, the country imported approximately \$280,000 in cattle from the United States. Future livestock imports will depend on price and credit terms as well as beef prices. The U.S. Agriculture Department's GSM-102/103 and Supplier-Credit programs are available to support related imports, and have already been used by several Nicaraguan importers.

Yellow Corn

U.S. exports to Nicaragua were approximately \$23 million in 2001. This is a significant increase over the last three years, which had average imports of \$2.9 million.

Trade Regulations and Standards

Trade Barriers

Nicaragua's current tax law is an important tool in fostering investment in Nicaragua. Currently, almost all non-trade barriers on imports are banned. There is an established "rebate" of 1.5 percent of FOB value for all exports. Municipal taxes have been reduced to 1 percent and income tax on interest and capital gains stemming from transactions on the local stock exchange have been eliminated. In April 2000, the National Assembly modified the Law to reduce nominal luxury (IEC) taxes and to extend benefits enjoyed by cooperatives and the small business, agricultural, aquaculture and fishing sectors. Importers of most items face a total import tax burden of 20 to 68 percent. The tax law (Ley de Justicia Tributaria), which covers import tariffs, has been modified several times. In the 1990's Nicaragua had lowered its import tax levels to the lowest in Central America. In response, the nation's Central American Common Market partners asked Nicaragua to raise its import tariffs, which it did in May 2001. Nicaragua levies a 15 percent import tariff on 1257 intermediate goods produced in Central America and a 5 percent tax on intermediate goods imported from outside, but still assembled and produced in, Central America. The import tariff (DAI) is 30 percent for whole chicken, cut parts and breasts; 170 percent for thighs and legs; and 15 percent for water, soft drinks, alcoholic beverages, cigars, and cigarettes. Nicaragua has eliminated its ATP (temporary protective) tariff for capital and intermediate goods. Some finished goods will continue to be levied an ATP of five percent. The DAI and the ATP are based on CIF value of the product imported.

A luxury tax is levied through the specific consumption tax (IEC) on 609 items. The tax generally is lower than 15 percent (with significant exceptions, see below). IEC for domestically produced goods are based on the manufacturer's price and for imported goods are based on CIF, except for alcoholic beverages and tobacco products, in which case the IEC is assessed on the price charged to the retailer. The IEC on soft drinks will decrease by 3 percentage points annually until it reaches 9 percent. IEC levied on alcoholic beverages are between 34 and 43 percent. The IEC on rum and other liquor, currently 37 percent, will decrease until it reaches 35 percent. The IEC on beer, currently 34-37 percent, will fall by one percentage point annually until it hits the 32 percent mark. In terms of imported alcoholic beverages and tobacco products, the tax is now based on the sales price to the retailer rather than on the CIF price. The IEC on cigars and cigarettes went down to 40 percent in April 2001, and will decrease by one percentage point annually until the tax reaches 38 percent.

Nicaragua levies a 15 percent value-added tax (IGV) on most items except agricultural inputs. Import duties on so-called "fiscal" goods (e.g., tobacco, soft drinks, and alcoholic beverages) are particularly high. Some protected agricultural commodities, such as corn and rice, face tariffs near 100 percent.

Customs Valuation

Foreign investors have, in the past, complained about arbitrary customs procedures and valuations. Tariffs and import taxes for most used goods are not assessed on a CIF/bill of lading basis, but rather on a "reference price" determined by Customs at the time of entry inspection. This reference price can be significantly higher than the actual amount paid by importers. The presentation of a bill of sale (or other evidence of purchase price) that

is certified by a Nicaraguan consular official is often, but not always, accepted by Customs inspectors as proof of the value of used goods. Nicaragua is behind schedule on the implementation of the WTO Customs Valuation Agreement (CVA).

Import Licenses

Permits are required only for the importation of sugar. U.S. exporters of food products should check with the [Ministry of Agriculture](#) concerning phytosanitary requirements. The government has established a mandatory registration for importers (RNI). Importers claim that the RNI creates additional costs, since they are now required to be cleared by several agencies that have nothing to do with the importer's commercial activities (i.e., the tax agency, Nicaraguan customs, the electricity distribution company, and the ENITEL telephone company).

Export Controls

Few export controls remain in place. The Nicaraguan government regulations currently prohibit the export of larval shrimp and reproductive-phase and under-sized lobsters, and control the export of wildlife products. The export of capital goods as scrap no longer requires the permission of MIFIC. The National Forestry Institute (INAFOR) is the entity that controls wood inventories and authorizes the export of precious woods. A CITES (Convention on International Trade in Endangered Species) permit is required for the export of wild and precious species, including precious woods.

Import/Export Documentation

Imports require the following documentation: bill of lading (for land and maritime shipments), packing lists, airway bill (for air shipments), and invoice. Exports require an export certificate. Other documents may be required depending on the product and destination.

All export documentation can be processed at the government's one-stop export center, [CETREX](#). Any prospective exporter can register within minutes and register export transactions immediately.

Temporary Entry

Items such as machinery, raw materials, components, and packaging materials may enter Nicaragua duty free. Firms located in approved free trade zone locations can conveniently import unfinished products for processing and re-export on a duty-free, in-bound basis. This same treatment is accorded to subcontractors of plants in free trade zones. Registered foreign investors are allowed to re-export equipment and machinery as well as to repatriate capital.

Special procedures apply for the short-term entry of goods (e.g., laptop computers, business samples, professional equipment, and exhibit materials). Upon entry, a deposit must be made with [Nicaraguan Customs \(Dirección General de Aduanas\)](#) equivalent to the tariffs and duties that would be paid for a permanent import of the same item. The Customs office determines that amount on the spot, which can be in excess of 20 percent of the value of the item. This deposit is returned when the item leaves the country (must

be within six months of entry). It is possible to complete the paperwork and pay the deposit ahead of time, although this must be done in person at the Customs office (phone 505-249-5719).

Labeling/ Marking Requirements

The Consumer Protection Law enacted in 1995, as well as its regulations promulgated in 1999, introduced product labeling standards and consumer rights to Nicaragua. While most U.S. products will likely meet Nicaraguan regulations by following U.S. guidelines, the following should be noted: the label must list product origin, contents, price, weight, production date, and expiration date. Proper use and risk information should also be provided. Although information is required to be in Spanish, as of mid-2002, Nicaragua does not enforce its language requirements. If the product is destined for the Atlantic coast area, however, English or the local indigenous language would be practical.

Prohibited Imports

Few restrictions exist. The Ministry of Natural Resources and the Ministry of Agriculture regulate the use of agricultural chemicals. The import duties on a few items are so high (e.g., chicken parts have a 170 percent tariff) that imports may not be feasible.

Standards

Official standards are not in place for manufactured and processed products. However, standards issued by the Central American Institute of Industrial Research and Technology are often used as a guide.

Free Trade Zones/ Warehouses

The free trade zone regime has grown rapidly since 1997. The state-owned Free Trade Zone Corporation (CZF) hosts 15 companies at the Las Mercedes Industrial Free Zone, located near Managua's international airport. Additionally, the CZF has, under its umbrella, 20 companies that are run as self-managed free trade zones (ZOFAS) in diverse provinces of the country. There are seven privately owned free trade zones authorized; two of them are still under construction.

Special Import Provisions

Importers of fresh produce, livestock, and food products should check with the Ministry of Agriculture for the latest phytosanitary regulations. The Ministry of Health has decided to ask importers to submit analyses of transgenic products used to manufacture food imported into the country. The government says that this information is for informational purposes only.

Membership In Free Trade Agreements

Nicaragua is a member of the Central American Common Market (CACM). As such, the majority of goods produced in these nations are imported duty free. The CACM member nations signed a free trade agreement with the Dominican Republic in 1998 and are currently negotiating an agreement with the Southern Cone nations of South America (MERCOSUR). Nicaragua has negotiated free trade agreements with Mexico, Chile, Panama, and the Dominican Republic. Only the accord with Mexico is functional.

Currently, Nicaragua and some of its Central American neighbors are conducting trade workshops with the United States laying the framework for a prospective Central America-United States free trade agreement. Nicaragua is a Caribbean Basin Initiative beneficiary; the country is not a beneficiary of the U.S. Generalized System of Preferences (GSP).

Investment Climate In Brief

- The Foreign Investment Law, Law No. 344 of 2000 a) assures that foreign and domestic investment receive the same treatment; b) eliminates the need to sign an investment contract; c) abolishes the foreign investment committee; d) eliminates restrictions on the way in which foreign capital can enter the country, and; e) recognizes the investor's right to own property and use it as he wishes, and in the case of a declaration of eminent domain, receive proper indemnification.
- Investors freely repatriate profits through banks. The Embassy knows of no instances in which profit repatriation has been a problem.
- Dollars are freely available through a legal parallel exchange market operated by local financial institutions. Embassy is aware of no instances where an investor has been unable to obtain dollars.
- Difficulty in resolving commercial disputes in Nicaragua, particularly the enforcement of contracts, is a serious obstacle to investment. On the whole, the legal system is cumbersome and often corrupt or subject to outside pressures.
- Because of the history of property invasions and confiscations, determining who is the legal owner of real property can be very difficult. Often, more than one person has seemingly valid title documents.
- In the fishing industry, investment and employment commitments have been made conditions for receiving licenses.
- Both foreign and domestic private entities or individuals may establish and own business enterprises and profit-making activities. Local law grants the right to freely establish, acquire, and dispose of virtually any type of business interest or property, with the exception of those sectors where government monopoly is established by law. The Embassy is aware of no instances where private enterprises were not treated on equal footing with public enterprises with respect to access to markets, credit, and other business operations.
- Despite significant streamlining in recent years, Nicaragua's legal and regulatory framework remains cumbersome. The rules are not fully transparent, and much business is still conducted on a "who you know" basis. Lack of reliable dispute resolution mechanisms--whether judicial or administrative--complicates even relatively minor disputes with the authorities or local business contacts.
- Nicaragua's capital base is small and the financial system has limited assets.
- Political violence is not prevalent in Nicaragua. There have been no recent instances of political violence targeted against foreign business operations.
- The U.S. Overseas Private Investment Corporation offers financing for U.S. investments in Nicaragua. It can also provide political risk, expropriation, and inconvertibility insurance. The Nicaraguan private sector is eligible for the U.S. Export-Import Bank's short and medium-term programs to finance U.S. exports.

Nicaragua is a member of the World Bank's Multilateral Investment Guarantee Agency (MIGA).

- Nicaragua's labor force, estimated at 1.9 million workers, is rural-based and largely unskilled. An estimated 43 percent of the employed population is working in the agricultural sector, 15 percent in manufacturing, and 42 percent in services.

Business Customs

Business customs are informal. However, the use of coats and ties or business suits is increasingly common. Delays are common in the start of scheduled appointments, and flexibility in business travel is recommended. Business lunches are lengthy, and most Nicaraguan executives are unavailable between noon and 2:00 p.m.

Travel Advisory and Visas

No Department of State travel advisory is in effect for Nicaragua. However, travelers are encouraged to review the latest [Department of State consular information sheet on Nicaragua](#) prior to initiating travel. U.S. citizens do not need to obtain a visa for visits of less than 90 days. Tourist cards are required and may be obtained upon entry for US\$5.00. Visas are required for stays of 90 days or longer. There is a departure tax of US\$33.00.

Individuals wishing to establish themselves in the country must request a resident visa from the Office of Immigration. Several investors have been deported because they were deemed to be "working" on a visitor's visa, even though they had declared the purpose of their visit as "business" upon entry into Nicaragua. As investors move towards solidifying their investments (preparing to open bank accounts, registering their investment at MIFIC, etc.), they should consult with the Nicaraguan Immigration Service to determine if they need to file for residency or obtain a type of work permit.

Business Infrastructure

Managua International Airport has separate cargo facilities constructed in 1995. The main cargo carriers are Fine Airlines (based in Miami), and TACA Airlines (based in Costa Rica). UPS has joined forces with Challenge Air Cargo, and now averages six flights a week. In addition, most passenger airlines, including American and Continental, maintain some cargo capacity. A 3,500 cubic foot cold storage facility at the airport opened in 1996. The airport is currently in the process of doubling its passenger traffic capacity. It is expected to handle 1.4 million passengers per year after 2002.

The official language of Nicaragua is Spanish, but English is spoken by some in business and government circles, as well as on the Atlantic coast.

Nicaragua's communication system (telephone, telex, etc.) is being updated through the installation of fiber optic technology. Telephone density is 3 telephones per 100 inhabitants. Public phones operate all over the country. Cellular phones are available in Nicaragua with coverage over the entire Pacific Coast. Approximate cellular-to-cellular and cellular-to-landline cost per minute is 26 U.S. cents. A separate, very limited cellular

service is offered on the Atlantic Coast. A PCS cellular license has been auctioned off. When operational, this bandwidth should have countrywide coverage. Communication with the United States is readily available--AT&T, Sprint, and MCI offer direct service between the United States and Nicaragua.

Hotels charge between US\$50.00 to US\$220.00 per night for a single-room range (not including the 15 percent value-added tax). There are few first-class apartments in Nicaragua. There is an ample supply of houses for rent. The cost varies greatly depending on the quality of construction and location of the neighborhood.

Numerous restaurants in Managua offer first-class international and continental cuisine. Outside of the capital, the local diet consists of chicken, beef, fish, rice, beans, plantains and potatoes.

Health conditions in Nicaragua are improving, although it remains a tropical country with the presence of malaria, dengue fever, and a variety of gastro-intestinal disorders. Sanitary practices should be carefully followed, particularly outside of Managua. Typhoid, polio, tetanus, diphtheria and gamma globulin (or Hepatitis A) are recommended vaccinations prior to leaving the U.S., particularly for an extended stay. Local hospitals are adequate for basic care. However, they fall short of U.S. standards and are not recommended for serious conditions. There are a modest number of U.S.-trained physicians. There are many pharmacies with adequate supplies of most commonly used medications.

Useful Web Links

Nicaragua:

[U.S. Embassy Managua](#)

[Nicaraguan Center for Export and Investment \(CEI\)](#)

[Ministry of Agriculture](#)

[CETREX](#)

[United Government- Nicaraguan Government Links](#)

US:

[USDA Foreign Agricultural Service](#)

[US Export Programs Guide](#)

[Internet Guide to Trade Leads](#)

[US Trade Finance Resources](#)

[Basic Guide to Exporting](#)

Hemispheric:

[Hemispheric Guide on Customs Procedures](#)

[Hemispheric Trade and Tariff Database](#)