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Prepared By:

Approved By: Evan Mangino

Report Highlights:

The United States exported a record \$540 million of agricultural and related products to Nicaragua in 2022, fueled largely by record-high remittances from Nicaraguan migrants. Nicaragua relies on U.S. supplies of food and agricultural products for food security and for agricultural sector operations despite deteriorating political and economic conditions under the Ortega-Murillo regime. U.S. suppliers of pork, poultry meat, corn, rice, and a wide variety of processed foods have overcome considerable, persistent challenges to succeed in today's Nicaraguan market.

Market Fact Sheet: NICARAGUA

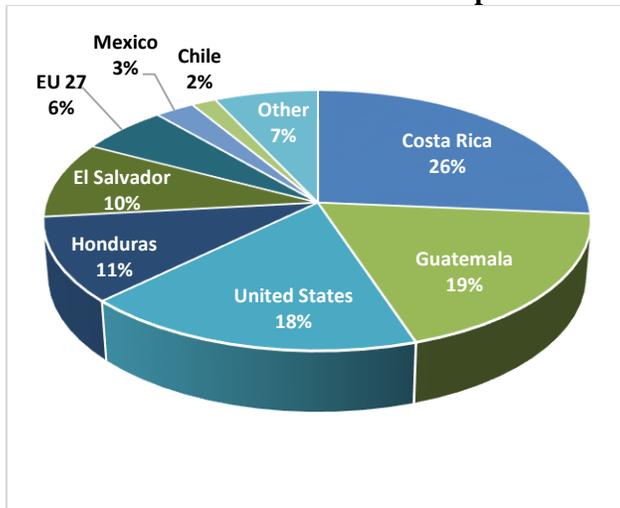
Executive Summary

Independent analysts expect the Nicaraguan economy will grow three percent in 2024. Though record-setting remittances boosted consumer spending in 2023, increasing economic and political instability in Nicaragua could hinder economic progress in 2024. The United States is the leading source for food and agricultural imports, and Nicaragua – a net importer of food will continue to offer opportunities for U.S. exporters. Nicaraguan imports of U.S. food and agricultural products fell 18 percent through September 2023 to \$360 million, as reduced global apparel demand tamped Nicaraguan demand for U.S. cotton, as Brazilian corn displaced a larger volume of U.S. corn, and as Russian wheat exports to Nicaragua resumed. Though lower, U.S. food and agricultural export values through September 2023 were consistent with previous high levels set in 2021.

Consumer-Oriented Product Imports

Nearly all U.S. products have duty free access to Nicaragua under the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR). Key tariff rate quotas (TRQs) on chicken meat as well as rough and milled rice were eliminated in January 2023, while remaining on dairy product TRQs will phase out on January 1, 2025. Among the best prospects for export growth are feed grains and soybean meal as well as rice, chicken meat, pork, and snack foods, but the ongoing political crisis and deteriorating economic conditions could diminish prospects.

2022 Consumer-Oriented Product Imports



Source: Trade Data Monitor, LLC

Retail Sector

The Nicaraguan retail sector has more than 1,000 wholesalers, retailers, and distributors. Supermarket chains have expanded throughout the country in the last ten years. There are more than 100 supermarket stores and thousands of much smaller ‘mom and pop’ retailers.

Food Processing Industry

Most Nicaragua food processors import ingredients directly from exporters.

Quick Facts CY 2022	
Imports of U.S. Consumer-Oriented Products	\$117 million
List of Top 10 Growth Products	
1) Corn	6) Pork Meat
2) Soybean Meal	7) Chicken Meat
3) Rice	8) Condiments & Sauces
4) Cotton	9) Bakery Goods, Cereals, & Pasta
5) Wheat	10) Dairy products
Top Retailers	
1) Walmart (La Union, MaxiPali, & Pali)	4) Porta's
2) La Colonia (Mantica Group)	5) AM/PM
3) PriceSmart	
Population / Economy	
Population	6.3 million
Unemployment rate	2.9%
GDP (billions USD)	\$15.6
GDP (per capita)	\$2,300
Exchange rate	36 cordobas : \$1 USD

Source: Central Bank of Nicaragua, The World Bank

Strengths / Weaknesses / Opportunities / Challenges	
Strengths	Weaknesses
U.S. products are well-known and perceived as high quality.	U.S. products are often undercut by regional competitors on price.
U.S. products largely enter duty free and quota free.	U.S. product formats may be too large for the average consumer.
Opportunities	Challenges
Export-oriented cattle and domestic poultry sectors rely on imported feed.	Deteriorating political and economic conditions create significant structural impediments.
Remaining CAFTA-DR TRQs on dairy phase out in 2025.	Consumer purchasing power is mismatched to higher-value U.S. consumer-oriented products.
Increased remittances drive consumer spending.	Increased immigration shrinks total market size.

Contact: FAS/Managua – AgManagua@usda.gov

SECTION I. MARKET OVERVIEW

With a GDP per capita of approximately \$2,327 in 2022, Nicaragua was the second poorest country in the Western Hemisphere. The United States is Nicaragua's largest trading partner, the source of roughly one-quarter of total Nicaraguan imports and the destination for approximately two-thirds of total Nicaraguan exports. However, Nicaragua's economy faces considerable instability and uncertainty as the ruling Ortega-Murillo regime continues along an increasingly authoritarian path that began with regime's violent response to peaceful protests in 2018. Political and business conditions have deteriorated markedly since November 2021 sham elections that were broadly condemned by the international community.

The Nicaraguan economy grew 3.8 percent in 2022, on the strength of remittances and key export commodities (e.g., gold, coffee, beef, cigars). Formal employment recovered slightly in 2022 but has not returned to 2018 pre-crisis levels. Some 140,000 formal sector jobs have disappeared from the economy since 2018, and Nicaraguan families now earn 15 percent less on average than in 2018. Remittances from the Nicaraguan diaspora through September 2023 were \$3.4 billion, up 52 percent over the same period in 2022; Nicaraguans remitted a record \$3.25 billion in all of 2022, equal to 20 percent of GDP. Remittances are supporting basic consumption in Nicaragua, preventing thousands of vulnerable families from falling further into poverty, and facilitating the Central Bank's accumulation of reserves, which can help the government avoid the most destabilizing effects of international economic sanctions. Official and independent estimates predict GDP growth will slow to three percent in 2024 as a demand for exports weakens amid a deteriorating global economic outlook.

Although Nicaragua is one of the largest food producers in the region, the food processing sector is underdeveloped and production lags consumer demand for a variety of products. Nicaragua imports large quantities of primary products, including rice and feed grains, as well as a wide range of processed products, mostly from regional suppliers. The United States is the largest supplier of agricultural products to Nicaragua, providing more than 25 percent of total imports by value. Bulk commodities, like corn and soybean meal, comprise the vast majority of U.S. exports. Exports of U.S. high-value products, especially pork and chicken meat, have grown under the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), which eliminated TRQs on pork in 2020 and on chicken meat in 2023.

Despite these challenges, U.S. products are well-positioned in the Nicaraguan market, with a strong brand recognition and acceptance by Nicaraguan consumers, as they are perceived as 'higher quality.' However, there is increased competition from regional food processors, especially in snacks, beverages, dairy products, and packaged foods. Regional suppliers – Costa Rica, El Salvador, and Guatemala – have improved in price competitiveness alongside advances in quality of production. Most U.S. food and beverage exports to Nicaragua depart from Miami, where multiple shipments are frequently consolidated to fill single containers, bound for Puerto Cortez in Honduras, from which trucks carry U.S. imports overland to Managua.

Table 1. Advantages and Challenges for U.S. Exporters

Advantages	Challenges
Nicaraguan importers trust the quality and value of U.S. products	Limited purchasing power and uncertain economic outlook.
Preferential access and reduced tariff rates under the CAFTA-DR trade agreement.	Weak rule of law and arbitrary rulings by customs agents may result in delays, fees, and/or rejections.
Proximity to Nicaragua provides lower shipping costs and shorter shipping times.	Without an Atlantic port, shipments must cross Honduras overland or transit the Panama Canal.
Increased remittances support higher consumer spending levels.	Increased immigration shrinks market size.

SECTION II. EXPORTER BUSINESS TIPS

Inadequate rule of law, political instability, reputational risk, and the arbitrary enforcement of government regulations are top challenges facing U.S. companies exporting to and operating in Nicaragua. The Nicaraguan Customs Authority (DGA) regularly subjects shipments of goods to bureaucratic delays, arbitrary valuations, and excessive fines. In some cases, shipments have been held for weeks or months without justification. The Nicaraguan Tax Authority (DGI) has increased the frequency, duration, and scope of audits on businesses. Nicaragua’s extremely weak legal environment and rule of law limit options to address these issues.

Imported U.S. products generally rely on Nicaragua’s network of distributors to drive sales through wholesale, modern retail (supermarkets and convenience stores), and ‘mom & pop’ retail (*pulperías* and informal vendors) channels. The Nicaraguan retail market is relatively small, but exporters may benefit from identifying representatives with coverage in the main regions, which are divided into the Pacific, Central and Northern regions, and the Atlantic Coast. Distributors have two main channels: retail and convenience stores, known as the “modern channel,” and direct sales to HRI. Distributors also have the capacity to provide logistics needed to supply smaller ‘mom & pop’ stores, which are an important component of the retail sector.

The following points are critical to successfully accessing the Nicaraguan market:

1. Exporters should make sure their legal representatives and/or importers are registered as taxpayers in Nicaragua.
2. Ensure importers obtain official import permits required by the Nicaraguan Food Safety Authorities *before* shipping products from the United States.
3. Provide importers with the bill of lading, commercial invoice, packing list and the certificate of origin (to determine applicability of CAFTA-DR and other benefits) for every shipment.

4. Make sure shipping companies send merchandise in clean containers to avoid multiple inspections at the border.
5. Be prepared to provide additional information regarding the values of the commercial invoice and the origin of the product to support importers' engagement with customs officials.
6. Merchandise exported must exactly match the product / quantity listed on the commercial invoice; discrepancies can create major delays at port of entry and result in fines to the importer.
7. Make sure labels are correct; minor mistakes may result in substantial fines.
8. Exporters and importers may consider hiring a customs broker to expedite procedures, as the expertise and existing working relationships of an established broker can facilitate the process.
9. Exporters should consider discussing liability terms with importers prior to finalizing any business transactions due to the increased risks of container rejections in Nicaragua. Importers commonly expect exporters to absorb losses.

Marketing

Market development strategies regularly include advertising on social media, radio, television, and roadside billboards. Since most of the population is considered poor- to middle-income, radio advertisements reach large populations in urban neighborhoods and in rural areas. Digital marketing is a relatively new strategy that grew significantly during the pandemic, and consumers increasingly turn to social media (mostly Facebook and Instagram) on smartphones to find new services and products. In addition to advertising directly on social media platforms, companies are promoting products through influencers, some of which have 80,000 or more followers. E-commerce is a relatively small but growing segment of the retail market. According to the Nicaraguan Chamber of Telecommunications, there are more cell phones (8.3 million) than people in Nicaragua and internet access is less expensive than in any other Central American country, resulting in the vast majority of the population having internet access through their mobile phones.

SECTION III. IMPORT FOOD STANDARDS & REGULATIONS AND IMPORT PROCEDURES

FAS/Managua highly recommends U.S. exporters consult the latest [Food and Agricultural Import Regulations and Standards Country Report](#) for current requirements. Further, U.S. exporters must follow these key steps before shipping to Nicaragua:

- 1) ensure that food products are registered with the Ministry of Health (MINSa),
- 2) the importer needs to request import permits from MINSa and the Nicaraguan Institute of Agricultural Protection and Health (IPSA) depending on the product, and
- 3) a copy of the commercial invoice, sanitary or phytosanitary certificate (if needed), and certificate of origin must be presented to the competent authorities.

General Import and Inspection Procedures

IPSA is responsible for the inspection of agricultural products at the border. The agency implements a risk management system that classifies imported animal, plant, and processed food products according to sanitary and phytosanitary risk. Category “A” / red / highest risk products must be inspected at the border, whereas category “B” / yellow / medium risk and “C” / green / lowest risk products are subject to random inspection corresponding to imported product volume, frequency, and risk profile. Industry sources report a significantly higher percentage (close to 95 percent by some estimates) of imported products are being categorized as highest risk, leading to increased delays, costs, and detentions.

Import Challenges

One of the biggest challenges today is DGA discretionary assessment of imported product value, which can increase imported goods’ landed cost by five percent or more. DGA also requires authentication of U.S. products’ certificate of origin by the Latin Chamber of Commerce (CAMACOL) as well as trade-restrictive sanitary requirements, such as such as a ‘zero tolerance’ for salmonella on raw pork meat.

SECTION IV. MARKET SECTOR STRUCTURE AND TRENDS

Consumer Profile

With a median age of twenty-six years, Nicaragua is a country of young people, to whom consumer-oriented products are attractive. Consumption of processed foods – sweetened-flavored soft drinks, processed sweets, and snacks – has grown in urban areas as growing numbers of supermarkets and more sophisticated supply chains have contributed to demand for convenient, processed products. In general, Nicaraguan consumers can be divided into two categories:

- a) **Low- to medium-income consumers** are price-driven and purchase smaller format products on a more frequent basis. With limited cash flow (associated with informal employment) and transportation options, they tend to shop at ‘mom & pop’ retail stores (known as *pulperías*) in their neighborhoods, often using informal credit terms from the stores. These consumers prioritize accessibility, low prices, and ease of preparation.
- b) **Medium- to high-income consumers** with higher purchasing power tend to seek higher quality, trendy, and healthier foods. These consumers shop less frequently, purchase larger format products, and often shop at several different stores to find what they want. They are influenced by culinary trends, including gluten-free and organic, and purchase higher-value products.

Nicaraguan consumers are generally familiar with U.S. products and brands, viewing them as high quality. The Nicaraguan diet is traditionally high in carbohydrates and low in proteins, vegetables, and fruit. More than 65 percent of the local population derives most of their daily calories from carbohydrates. An average Nicaraguan family’s typical grocery basket would include rice, beans, eggs, sugar, oil, coffee, and processed foods such as sauces, pasta, and sardines as well as corn meal and wheat flour. The main sources of animal protein are eggs, chicken, and pork meat, with eggs the lowest cost source. In spite of its relatively higher price, pork meat is still widely popular in local markets. Even though Nicaragua produces large volumes of beef, consumption lags chicken and pork considerably due

to the higher price. Hotels, restaurants, and wealthier consumers generate a small but growing demand for premium quality local and imported beef cuts.

Hotel, Restaurant, and Institutional

The hotel, restaurant, and institutional (HRI) sector has been hard hit by the 2018 social political crisis, which discouraged international tourism even before COVID-19-related disruptions. International tourism only began to recover (albeit tentatively) in summer 2021 and has been slowly increasing as more airlines have resumed flights to Nicaragua since 2022. The loss of formal jobs due to the 2018 crisis and the pandemic has contributed to a significant increase in informal economic activity, including HRI businesses like food trucks, which are becoming more popular in urban areas. A few delivery service providers have also emerged from the pandemic such as Pedidos Ya – offering not just restaurant meals, but also groceries and home goods. According to the Nicaraguan Central Bank, hotel and restaurant services for the January-September period grew by 24 percent in 2023 compared to the same period in 2022.

Retail

Supermarket chains have continued to expand and modernize, supporting increased distribution of imported high-value perishable products (like pork and chicken meat) as well as consumer-packaged goods. Expansion of supermarket infrastructure has also driven growing demand for and popularity of retailers’ own private label branded products.

More than 1,000 wholesalers, retailers, and distributors operate in Nicaragua. Supermarkets with a wider variety of products are increasingly popular and expanding. Walmart operates 92 supermarkets under several banners serviced by a national distribution center. The Pali and Maxi Pali banners are discount supermarkets targeting smaller cities and towns as well as populous neighborhoods in Managua; customers generally seek the lowest prices and typically express low levels of brand loyalty.

Table 2. Retail Grocery Outlets

Banner	# of Outlets
Pali	65
Maxi Pali	17
La Union	8
Walmart	2
La Colonia	26
PriceSmart	2
Porta’s	1
Economart	1

La Union and La Colonia cater to a more upscale segment, offering a variety of innovative and imported products. Bulk-format products from U.S.-based PriceSmart, which carries a wide variety of imported products, are attractive to smaller businesses and restaurants. Two additional stores target higher-end

consumers in Managua with a variety of imported products: Porta’s and Economart. Convenience chains AM/PM and Super Express operate more than 100 locations combined across the country, featuring a variety of imported snack foods, though regional brands are more common than U.S. brands.

Food Processing

Nicaragua’s food processing sector is largely focused on primary processing of meat and sugar for export. Apart from a small number of snack foods and confections, there are few locally produced consumer-oriented products. Cost-competitive regional suppliers have established recognizable brands and comprised 80 percent of Nicaraguan snack food imports in 2022. FAS/Managua anticipates sustained opportunities for U.S. processed products suppliers prepared to navigate the challenges of the Nicaraguan market, given the local sector’s relative underdevelopment and low levels of anticipated investment in the sector.

Table 3. Output of Selected Industries (Million USD)

Industries	2020	2021	2022
Meat and Fish	1,002	1,002	1,002
Beverages	411	411	411
Dairy Products	327	338	365
Sugar	254	300	312
Other Industrial Food	677	677	677

Source: Central Bank of Nicaragua

Note: The numbers included in Calendar Year (CY) 2020 and 2021 are preliminary information while the numbers in CY 2022 are estimates. The Central Bank is now publishing data in millions of Córdobas (Nicaragua’s currency) based on the average U.S. dollar exchange rate of Calendar Year 2006.

SECTION V. AGRICULTURAL AND FOOD IMPORTS

The Foreign Agricultural Service’s [BICO Reports](#) (aka Bulk, Intermediate, and Consumer-Oriented) provide an excellent high-level snapshot of U.S. products’ performance by category, updated monthly. This data, though a trailing indicator, can help U.S. exporters identify high-demand categories.

Table 4. Best Prospects for Export Growth

Product	2022 Imports (Million USD)	5-Yr Import Growth (by value)	5-Yr Avg. Annual Import Growth (by value)
Corn	130	128%	26%
Soybean Meal	94	114%	23%
Cotton	62	1,450%	290%
Wheat	51	1,175%	235%

Product	2022 Imports (Million USD)	5-Yr Import Growth (by value)	5-Yr Avg. Annual Import Growth (by value)
Rice	50	900%	180%
Dairy Products	25	108%	22%
Pork	13	87%	17%
Chicken Meat	13	160%	32%

Source: U.S. Census Bureau Trade Data

SECTION VI. KEY CONTACTS AND FURTHER INFORMATION

USDA Foreign Agricultural Service (FAS) Managua

U.S. Embassy Managua, Nicaragua

Carretera Sur, Km 5.5

Phone (505) 2252-7100 Ext.7621

agmanagua@usda.gov

Embassy Managua homepage: <https://ni.usembassy.gov/>

FAS homepage: <http://fas.usda.gov>

Attachments:

No Attachments