Concluding remarks by the Chairperson

The fourth Trade Policy Review of Nicaragua has given us the opportunity to better understand the trade, economic, and investment policies adopted by Nicaragua since its previous Review in 2012, and to identify the challenges that it continues to face. This has been aided by the information contained in the Government and Secretariat reports, together with Nicaragua's responses to the questions from Members. Thanks to the collaboration of the Nicaraguan authorities, this review has taken place despite the constraints posed by the COVID-19 pandemic on the preparation process. Our discussion has benefited from the active participation of the Nicaraguan delegation, led by the Minister for Development, Industry and Trade, Mr. Orlando Solórzano, as well as from the insightful contribution of the discussant, H.E. Ambassador Federico Villegas of Argentina, and the 25 delegations that spoke during the first day. Nicaragua responded to all 154 written questions posed by Members before the meeting.

Members commended Nicaragua for its solid economic growth between 2013 and 2017 which translated into reduced poverty levels, noting that this positive performance had been helped by the significant infrastructure improvements made in recent years, especially in transport, telecommunications and the supply of electricity. They indicated, however, that the 2018 socio-political crisis and the COVID-19 pandemic had led to a contraction in GDP growth, employment, exports, private investment and consumption. Nicaragua was urged to continue its efforts to address the economic effects of the pandemic and tackle its structural challenges, notably income and regional disparities, as well as low levels of public and private investment.

Members praised Nicaragua’s commitment and support for the rules-based multilateral trading system. Specifically, they appreciated its prompt ratification of the Trade Facilitation Agreement (TFA) and active participation in plurilateral initiatives on e-commerce, MSMEs, and investment facilitation for development. Some Members invited Nicaragua to join the WTO Informal Working Group on Trade and Gender. Members encouraged Nicaragua to submit pending notifications to the WTO, mainly in the fields of agriculture and subsidies.

Nicaragua's continued regional cooperation efforts during the review period, mainly through the Central American Common Market but also individually with other parties was noted by Members, some of whom requested information on the remaining steps to achieve the Central American Common Market. Questions were also raised regarding preferential rules of origin, and the economic and business opportunities offered to foreign companies by these regional trade agreements, including participation in infrastructure projects.

Members were appreciative of Nicaragua's recent initiatives to attract larger FDI inflows, in particular through the adoption of laws on a new Investment and Export Promotion Agency (PRONicaragua), on Export Free Zones, and on Public-Private Partnerships. To enhance the attractiveness of Nicaragua as a destination for FDI, some Members noted the need to improve the business environment in areas such as transparency, the rule of law, infrastructure, and governance.
Regarding trade procedures, they welcomed Nicaragua's participation in the electronic exchange of information contained in the Central American Single Declaration and the Border Integration Programme, and sought further details on the single window for foreign trade (VUCEN), which Nicaragua plans to gradually implement during 2021. Members hoped that, once in place, VUCEN would simplify formalities for, inter alia, import and export permits, thereby reducing the time required of, and costs incurred by, companies engaged in foreign trade.

Members noted that Nicaragua's trade policy had remained largely unchanged since the previous Review, with continued heavy reliance on instruments such as the tariff, the import service fee, import and export restrictions, and licensing, to attain domestic policy goals. While Members commended Nicaragua for making little use of non-tariff measures, concerns were raised about Nicaragua's use of technical regulations and SPS measures, including compliance with international standards.

Noting the reform progress made, Nicaragua was invited to further strengthen its regulatory regime in order to help attract more investment and create a more predictable business environment. In this respect, Members enquired about the sizeable role of the state in several sectors vis-à-vis private sector competition and requested Nicaragua to submit updated information on state trading enterprises. Members also sought clarifications on legal and regulatory changes currently under review in areas such as competition policy, government procurement, intellectual property, and services. Questions were formulated about Nicaragua's recent changes made to its institutional framework in the agriculture sector, strategies to support this sector and the textile industry in light of recent natural disasters, efforts to diversify its export markets, and plans to reduce the digital divide and for broadband deployment and penetration.

These points reflect some of the main issues that emerged in our discussion during this Review. Let me once again thank Nicaragua, the discussant, and the rest of the Members for their very positive and active contribution to our two days of discussions, which provided us with a better understanding of Nicaragua's trade and related policies and practices and helped us identify the achievements accomplished since the last Review in 2012, and the challenges that remain ahead. Members hoped that the Nicaraguan economy would soon return to its growth path, through a stronger and more diversified integration into the world economy. Members look forward to receiving written answers to follow-up questions within one month, at which point this Review will be successfully concluded.