



**TRADE POLICY REVIEW**

REPORT BY

NICARAGUA

Pursuant to the Agreement Establishing the Trade Policy Review Mechanism (Annex 3 of the Marrakesh Agreement Establishing the World Trade Organization), the policy statement by Nicaragua is attached.

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## 1 INTRODUCTION

1.1. Nicaragua was a Contracting Party of the General Agreement on Tariffs and Trade (GATT) since 28 May 1950 and has been a Member of the World Trade Organization (WTO) since 3 September 1995. In that capacity, it has honoured its commitment to promote and strengthen the multilateral trading system through regulatory and institutional changes which have had a positive effect on trade flows in the country.

1.2. As part of its trade policy, the Government of Reconciliation and National Unity (GRUN) reaffirms its confidence in the multilateral trading system as the pathway to achieving greater benefits of international trade between developed and less developed nations, advocating for special and differential treatment for small economies such as Nicaragua. In such a context, together with countries of a similar level of development, international standards to ensure fairer, more equitable and more development-oriented international trade are possible.

1.3. Furthermore, Nicaragua is of the view that trade among nations is a key tool in sustainable development.

1.4. The trade policy review mechanism is an exercise in transparency for its trade policies and practices and an opportunity for other Members to gain a better understanding of Nicaragua's individual features, its aspirations, its needs and the challenges it faces. Nicaragua would like this exercise to help improve the working of the multilateral trading system.

1.5. This report comprises four chapters: the first explains the background to the country's socio-economic environment; the second concerns trade policy; the third elaborates on policies and prospects for the various sectors of the economy; while the fourth presents conclusions.

1.6. This report supplements the report by the WTO Secretariat and aims to ensure that Members obtain a full picture of Nicaragua's trade policies and practices.

## 2 ECONOMIC ENVIRONMENT

### 2.1 Economic Growth and Employment

2.1. The average annual rate of growth in Nicaragua's economy over the period 2012-19 was 2.8%, bearing in mind that it was adversely affected by external shocks in 2018.

2.2. Following a growth rate of 6.5% in 2012, the Nicaraguan economy shrank to an average growth of 4.6% in 2017. Subsequently, in 2018 GDP dropped by 4.0% and in 2019 by 3.9%. Construction, trade, transport and communications and financial intermediary services were the economic sectors that contributed most to GDP reduction in 2019.

2.3. In 2019 the manufacturing industry recorded a growth rate of 0.2%, including a steep rise in value added of the expanding food, beverage and tobacco sector, which partially explained the 50.5% value added growth of the sector, followed by the textile and garment sector, intended primarily for export, which contributed in relative terms 23.5% to the sector. The contribution of agro-industrial production of meat, sugar and dairy products, intended mainly for export markets, was also significant.

2.4. The dynamic fisheries subsector strongly influenced the agricultural sector, which in part explains the overall growth of the sector of 64.4%.

2.5. Private investment was impacted by the growth of foreign direct investment (FDI) flows, which in 2019 reached 40.2% of total private investment, representing 10.4% of GDP, the lowest level for the past eight years.

2.6. The share of investment in machinery and equipment represented 33.6% of fixed private investment in 2018 and 2019, which translated into demand for imported capital goods rather than demand for domestic goods and services. A significant percentage of private consumption or household consumption was imported, with the result that an increasingly large share of the demand for consumer goods is for imported goods that are not manufactured in Nicaragua.

2.7. Rather than take protectionist measures to limit imports, Nicaragua is seeking a model that would allow it to boost exports and reap the benefits of international trade as a catalyst for increasing and diversifying domestic production.

## 2.2 Inflation and Prices

2.8. The average annual inflation rate, as measured by the percentage variation in the consumer price index<sup>1</sup>, rose to 5.3% in 2012-19 as a result of the annual currency depreciation policy of 5%, among other factors.

2.9. An increase in the price index of foods and non-alcoholic beverages, which in 2012-19 rose to an average annual rate of 5.2%, had the biggest impact on the rise in inflation.

2.10. The minimum average wage stood at 3.368 córdobas (USD 150.20) in 2011. The wage policy, set in consultation with the private sector and workers, resulted in an increase of 102.49% in 2019 to 6.820 córdobas (USD 250.90).

## 2.3 Fiscal Sector

2.11. In the period 2012-19, finances in the non-financial public sector (NFPS) remained at sustainable levels as a result of higher income for the sector at an average annual rate of 10.9%, similar to the average annual growth rate of its total expenditures, of 11,0%. Consequently, the NFPS deficit before external donations, measured as a percentage of GDP, rose from 1.5% of GDP in 2012 to 2.2% of GDP in 2019.

2.12. Tax revenue earned by the central Government was recorded at an average annual rate of 11.2% between 2012 and 2019, while GDP at current prices stood at a rate of 8.4%, which demonstrates that tax buoyancy was on average 2.8%. As a result, the tax burden rose from 16.4% of GDP in 2012 to 19.14% of GDP in 2019.

2.13. Generally, over the past five years, a change to the country's tax structure, resulting from opening up to the outside world, saw a reduced share of import tariffs of the total tax revenue from 3.7% in 2012 to 2.5% in 2019.

2.14. On the expense side, social expenditure was given priority, with a relative average annual share of 55.9% of total expenditure. Falling under social spending are education and health, which accounted on average for 72.9% of social spending in 2012-19.

2.15. In the period under review, a steep rise was seen in education spending in 2012 to the tune of 9.144,7 million córdobas and in 2019 of 19.347,9 million córdobas, representing as a percentage of GDP an increase from 3.7% in 2012 to 4.7% in 2019. Health spending also rose, from 3.0% of GDP in 2012 to 3.6% in 2019, or 7.463,7 million and 14.854,8 million córdobas respectively.

## 2.4 Public Debt

2.16. Nicaragua's total domestic and internal public debt in 2019 stood at USD 7.164,3 million, of which external public debt accounted for 87.6% and domestic public debt for the remaining 12.4%. In terms of share of total public debt, 72.3% corresponds to the central Government, 27.0% to the Central Bank and 0.7% to the rest of the public sector. Public debt grew by an average rate of 3.3% in 2009-19.

2.17. Over the past 10 years, public debt as a percentage of GDP dropped by 5.2 percentage points from 62.4% in 2009 to 57.2% in 2019. Regarding the latter figure, external public debt accounted for 50.1% of GDP and domestic public debt 7.1%.

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<sup>1</sup> CPI: Indicator published by the Central Bank of Nicaragua measuring the trend in prices of a basket of goods and services that are representative of final consumption expenditure by households.

## 2.5 Social Integration

2.18. Compared with the results of the 2016 Living Standards Measurement Survey (EMNV)<sup>2</sup>, 2015 saw a significant reduction in the numbers of Nicaraguans living below the poverty line and in extreme poverty<sup>3</sup>, both in urban and rural areas.

2.19. According to the results of this survey, the percentage of the population living in poverty fell from 42.5% in 2009 to 24.9% in 2016, a decrease of 17.6 percentage points. The percentage of the population living in extreme poverty decreased from 14.6% in 2009 to 6.9% in 2016.

## 3 TRADE POLICY

3.1. The National Human Development Programme 2018-21 states that one of the main objectives of foreign trade policy is to regulate Nicaragua's trade relations with the rest of the world by way of fair, competitive trade. Under that premise, Nicaragua emphasizes the need for the world market to incorporate the concept of "fair trade", meaning genuine recognition of imbalances between countries' economies, correction of the distortions in world markets and defending the multilateral trading system.

3.2. Nicaragua's trade policy aims to seek out new international markets, consolidate traditional markets and diversify exportable supply by boosting growth in exports of non-traditional products and promoting FDI to support production; this will encourage job creation and squares well with the development of vital technology transfer.

3.3. Trade policy is formulated within the framework laid down in the Constitution of the Republic of Nicaragua, the WTO Agreements, the Tegucigalpa Protocol, the General Treaty on Central American Economic Integration and the Protocols thereto, free trade agreements in force, international treaties and agreements on specific trade topics, and domestic trade law. Its main objective is to ensure that Nicaragua's trade relations with the rest of the world are conducted within the framework of fair, competitive trade, meaning genuine recognition of imbalances between countries' economies, and correction of the distortions in world markets. The Government wants Nicaragua's integration into international trade to occur in fair, equitable conditions that pave the way for new and better opportunities for all sectors of society, especially micro-, small and medium-sized enterprises.

3.4. The objectives of foreign trade policy focus on diversifying production and exportable supply, finding new markets for Nicaraguan goods and services, improving competitiveness, making greater use of existing trade agreements, attracting investment and safeguarding Nicaragua's trade interests. This policy has clearly helped to ensure the sustainability of foreign trade in the period under review as it has seen average annual growth of 2.1%. The trade balance is still in deficit, however.

3.5. Nicaragua's exportable supply chiefly comprises goods from the agricultural, agro-industrial, mining and fishing sectors. New trade agreements have been negotiated as part of the strategy to boost exports and to encourage greater diversification of markets and products.

3.6. The principal goods exported by Nicaragua include apparel and clothing accessories, wires, cables and electric conductors, beef, green coffee, unwrought gold, cane sugar, cigars and cigarrillos, farmed shrimp, cheese, uncooked groundnuts, lobster, red beans, crude oil, powdered milk, whole

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<sup>2</sup> Published by the National Development Information Institute (INIDE).

<sup>3</sup> The extreme poverty line was defined as the total annual per capita consumption of food necessary to satisfy the minimum daily calorific requirement, estimated at an average 2,268 calories a day. According to the final data from EMNV 2016, the cost of that requirement was NIO 12,454.60 (equivalent to USD 438.00) per person per year (or USD 36.00 per person per month, or USD 1.2 per day). Households with a per capita annual consumption lower than that figure were classified as living in extreme poverty. The poverty line was defined as the total annual per capita consumption of food necessary to satisfy the minimum daily calorific requirement (extreme poverty line) plus an additional amount to cover consumption of non-food essential goods and services such as housing, transport, education, health, clothing and daily household expenses. The poverty line was estimated at NIO 25,110.00 (equivalent to USD 912.50) per person per year (or USD 75.00 per person per month or USD 2.50 per day). Households where per capita annual consumption falls below that line are classified as poor.

fish, liquid milk, bananas, cattle, edible oils, unmanufactured tobacco, instant coffee, rum, other furnishing articles, cattle offal, cane molasses and leather footwear.

3.7. The principal goods imported into Nicaragua have been products such as apparel and clothing accessories, fabrics, medicines, hydrocarbons, wires, cables and electric conductors, vehicles, flat rolled products of iron or non-alloy steel, apparatus for transmission or reception of voice and images, connectors for optical fibres, optical fibre cables, bakers' wares, plastic seals and gaskets, mineral fertilizers, unmanufactured tobacco, footwear and worn clothing, residues for animal fodder, cellular mobile telephones, prepared animal feeds, tyres, computers and computer parts, rice, hydraulic cements, edible oils, plates, sheets, film, foil and strip of plastics, maize, toilet paper and bars and rods of iron or non-alloy steel.

**Table 3.1 Trade between Nicaragua and the rest of the world, 2012-19**

USD million

Heading	2012	2013	2014	2015	2016	2017	2018	2019
<b>Exports</b>	4,550.6	4,594.1	4,973.5	4,667.4	4,592.0	4,925.6	5,013.9	5,272.6
<b>Imports</b>	6,029.7	5,498.8	5,746.4	7,691.9	7,583.1	7,707.9	7,351.0	6,985.5
<b>Balance</b>	<b>(1,479.0)</b>	<b>(904.7)</b>	<b>(772.9)</b>	<b>(3,024.6)</b>	<b>(2,991.1)</b>	<b>(2,782.3)</b>	<b>(2,337.1)</b>	<b>(1,713.0)</b>
<b>Trade</b>	10,580.3	10,093.0	10,719.9	12,359.3	12,175.0	12,633.5	12,364.9	12,258.1
<b>Growth rates (%)</b>								
<b>Exports</b>	4.2	1.0	8.3	-6.2	-1.6	7.3	1.8	5.2
<b>Imports</b>	14.3	-8.8	4.5	33.9	-1.4	1.6	-4.6	-5.0
<b>Balance</b>	62.8	-38.8	-14.6	291.3	-1.1	-7.0	-16.0	-26.7
<b>Trade</b>	9.7	-4.6	6.2	15.3	-1.5	3.8	-2.1	-0.9

Source: Directorate General of Customs.

3.8. Tariff policy is drawn up within the combined framework of Central American Economic Integration and the international trade agreements in force. The Central American Import Tariff, comprising the Central American Tariff System (SAC) and the corresponding import tariff duties (DAI), is in force. The tariff applied by Nicaragua covers 7,682 lines and all tariff rates are *ad valorem*.

3.9. The Central American Uniform Customs Code (CAUCA) has been in force since 25 August 2008, as have its implementing Regulations (RECAUCA IV), and they form part of Nicaraguan law. The aim of the Code is to provide for the basic customs legislation of the States party in accordance with Central American Common Market (CACM) requirements and the requirements of other regional integration instruments.

3.10. Nicaragua has adopted the Automated System for Customs Data (ASYCUDA), World version, developed by UNCTAD, for the computerization of customs clearance procedures. Nicaragua supports the implementation of mechanisms for the electronic transmission of data at regional level, which will facilitate and streamline procedures for customs clearance of goods.

3.11. Nicaragua has 13 bound tariff rates of 0% to 200%, with 89% of lines bound at 0% to 40%. In 2012, 3,415 lines, or 46.4%, had a zero tariff, while 3,610 (47.0%) did in 2019. The number of tariff lines subject to a tariff over 15% has remained stable over the period 2012-19, numbering 93, or 1.2%.

**Table 3.2 Tariff lines subject to an *ad valorem* tariff of over 15%, 2013-19**

MFN tariff	2013	%	2014	%	2015	%	2016	%	2017	%	2018	%	2019	%
0	3,415	46	3,432	46	3,466	47	3,491	47	3,571	47	3,612	47	3,613	47
5	1,000	14	989	13	987	13	987	13	1,022	13	1,005	13	1,004	13
10	1,221	17	1,238	17	1,219	16	1,214	16	1,263	16	1,260	16	1,266	16
15	1,630	22	1,627	22	1,630	22	1,635	22	1,721	22	1,701	22	1,705	22
20	4	0.0	4	0.0	4	0.05	4	0.05	4	0.05	4	0.05	4	0.05
30	20	0.2	20	0.2	20	0.27	20	0.27	20	0.26	20	0.26	20	0.26
35	24	0.3	25	0.3	25	0.34	25	0.34	25	0.33	25	0.33	25	0.33
40	24	0.33	24	0.3	24	0.32	24	0.32	24	0.31	24	0.31	24	0.31

MFN tariff	2013	%	2014	%	2015	%	2016	%	2017	%	2018	%	2019	%
45	1	0.01	1	0.01	1	0.01	1	0.01	1	0.01	1	0.01	1	0.01
55	6	0.08	6	0.08	6	0.08	6	0.08	6	0.08	6	0.08	6	0.08
60	10	0.14	11	0.15	11	0.15	11	0.15	11	0.14	11	0.14	11	0.14
164	4	0.05	4	0.05	4	0.05	4	0.05	4	0.05	4	0.05	4	0.05
Total	7,359	100	7,381	100	7,397	100	7,422	100	7,672	100	7,673	100	7,683	100

Source: Ministry of Development, Industry and Trade (MIFIC).

3.12. Among the members of the CACM, a zero-rate tariff is applied to trade in originating goods (99.9% of goods), except for those goods that appear in Annex "A" to the General Treaty on Central American Integration. When the Protocol incorporating Panama into the Central American Economic Integration Subsystem entered into force, Panama had already adopted 27.8% of the SAC, since its incorporation it has adopted approximately 60% of the nomenclature and the DAI.

3.13. The average tariff applied under other preferential agreements varies between 0.1% under the trade agreement with Mexico and 11.7% under the trade agreement with South Korea. Under its trade agreements, Nicaragua currently grants a zero tariff to Chinese Taipei on 90.0% of tariff lines; to Mexico on 99.6%; to the United States on 97.2%; to Panama on 92.8%; to the Dominican Republic on 92.9%; to Chile on 85.9%; to the European Union on 55.4%; to Cuba on 96.5%; to Ecuador on 48.4%; and to South Korea on 51%.

### 3.1 Quotas

3.14. Under the rules and disciplines of the WTO and the trade agreements in force in the period 2012-19, Nicaragua has import quotas for the products listed hereafter: under the WTO, rice in the husk and powdered milk (for the rest of the products listed in Part I, Section I-B of Schedule XXIX, the tariff applied to imports is below Nicaragua's bound levels). Owing to shortages: corn syrup, rice in the husk, rice (arroz oro), yellow maize, white maize, butter, red beans and chicken; under the Dominican Republic – Central America – United States Free Trade Agreement quotas were established for the United States for rice (arroz oro), rice in the husk, yellow maize, white maize, pork, cheese, other milk products, powdered milk, butter, ice cream, chicken thighs and chicken legs; and for the Dominican Republic: chicken breast, onions and shallots, and beans (red, black, white and others); under the Association Agreement between the European Union and Central America bilateral quotas were established for powdered milk and cheese; in addition to regional quotas for: cured ham and streaky bacon, whey and prepared or preserved pork. Under the trade agreement with Panama: beef, pork, onions and shallots, instant coffee, tomato sauce and ketchup.

### 3.2 Export Promotion

3.15. In an effort to increase exports further, Nicaragua plans to promote and diversify exports, find new markets and support new exporters and products, especially for small and medium-sized enterprises. The public sector has helped to improve the business climate so that there is greater predictability, certainty and competitiveness for business.

3.16. Other measures to promote exports include streamlining the procedures for the operations performed by economic agents working in foreign trade at maritime, land and air border posts. To promote an export culture, Nicaragua supports participation in national and international fairs.

3.17. In recent years Nicaragua has been strengthening institutional forums among public sector bodies and between these and the private sector to promote exports, attract investment, and make headway in trade facilitation. One of the main achievements made in the period up to 2021 is the launch of Nicaragua's Single Window for Foreign Trade (VUCEN), which will simplify procedures and reduce import and export times. Nicaragua continues to apply Law No. 382<sup>4</sup>, Law on Temporary Admission for Inward Processing and Export Facilitation, which determines the customs regime on temporary admission, the aim of which is to allow entry of goods without payment of duties, import taxes or other charges provided that they have been processed, transformed and are then exported.

<sup>4</sup> Law No. 382, Law on Temporary Admission for Inward Processing and Export Facilitation, adopted on 20 February 2001 and published in Official Journal, *La Gaceta*, No. 70 of 16 April 2001.



3.18. The National Commission for the Promotion of Exports (CNPE), established pursuant to Decree No. 37-91, published in Official Journal, *La Gaceta*, No. 158 of 26 August 1991, chaired by the Minister for Development, Industry and Trade, is the highest policy-making and administrative body for the regime governing temporary admission for inward processing; the Commission has a Technical Secretariat and a Centre for Export Formalities (CETREX) to help it to perform its duties.

### **3.3 Trade Agreements**

#### **3.3.1 Multilateral Trading System**

3.19. Nicaragua is firmly committed to a fair and equitable multilateral trading system that promotes Nicaragua's further integration into international trade, is of benefit to its economic development, and helps to eliminate poverty and achieve a better standard of living for the population. Nicaragua is in favour of enhancing the WTO's monitoring and supervisory role to eliminate existing protectionist measures and prevent the emergence of new ones in order to ensure openness to trade, transparency, predictability, growth promotion and full and equitable participation of developing and least developed countries.

3.20. The Doha Round has provided an opportunity to enhance the system; we have stressed the importance of moving the negotiations to implement the Doha Development Agenda (DDA) forward and of taking political decisions to achieve that objective. Nicaragua also welcomes a possible reform of the Organization in matters related to the dispute settlement system, strengthening the work of the regular bodies and improving the negotiating work.

3.21. Nicaragua remains of the opinion that achieving substantial improvements in market access will require opening up of markets to agricultural trade, the elimination of non-tariff barriers and all forms of export subsidies, and a substantial reduction in trade distorting domestic support in the agricultural sector.

3.22. Nicaragua endorses the negotiating proposals put forward by the Small and Vulnerable Economies (SVE) grouping; these proposals reflect its national interests, especially in the fields of agriculture, non-agricultural market access (NAMA) and services. Nicaragua is also a co-sponsor of the proposals on agricultural matters submitted by the G33. With regard to the negotiations on fisheries subsidies, Nicaragua hopes that fair and equitable provisions will be agreed to ensure effective special and differential treatment, which will facilitate measures to avoid overfishing, overcapacity, unreported and unregulated fishing, as well as provisions that protect small scale fishing, which is a very important source of livelihood in the Nicaraguan economy.

3.23. With the entry into force of the Trade Facilitation Agreement, Nicaragua has managed to implement 72.2% of the measures notified under category A, 16.4% are category B measures whose implementation requires more time, and 11.1% are provisions that require assistance and capacity building in order to be implemented, or category C provisions. Five of the six measures notified under category B will be implemented in December 2020.

3.24. Pursuant to its transparency commitments, Nicaragua has submitted notifications for the following trade agreements: free trade agreement (FTA) between the Government of Nicaragua and the Government of the United Mexican States (1998); FTA between Central America and the Dominican Republic (2002); FTA Dominican Republic - Central America - United States (CAFTA DR 2006); FTA between the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) and the Republic of Nicaragua (2008); the FTA between Central America and Panama (2009); and the Association Agreement between the European Union and Central America.

3.25. Nicaragua has signed unilateral Partial Scope Agreements with the Republic of Colombia and the Bolivarian Republic of Venezuela that do not grant preferences; they were notified in the context of the Latin American Integration Association (LAIA). Such agreements were also signed with Cuba and Ecuador in 2014 and 2017, respectively.

#### **3.3.2 Central American Integration**

3.26. Nicaragua is a founding member of and firmly supports the Central American economic integration process. It continues to pursue efforts to embed it further by strengthening the

institutional, legal and regulatory framework that underpins the foundations of the integration process in the medium and long term.

3.27. The economic integration process has continued during the period under review and its main achievements include: updating the Central American Regulations on Sanitary and Phytosanitary measures and Procedures, the Protocol Incorporating the Republic of Panama into the Economic Integration Subsystem of the Central American Integration System (2012), the Sanitary and Phytosanitary Directive on Trade Facilitation in Respect of Central American Shipments and Goods (2014), the Central American Strategy for Trade Facilitation and Competitiveness with an Emphasis on Coordinated Border Management (2015), the Central American Single Declaration (DUCA) and the Regional Strategy for Comprehensive Risk Management in Customs (2019), among others.

3.28. In the Central American common external tariff, 95.7% of tariff lines have been harmonized; the remaining 4.3%, covering sensitive goods such as medicines, metals, oil, agricultural products, vehicles and others, is pending harmonization.

3.29. Intraregional trade in Central America measured in terms of exports rose from USD 8,201.4 million in 2011 to USD 9,868.6 million in 2019. The share of exports by country in 2019 was as follows: Guatemala 33.4%; El Salvador 26.4%; Costa Rica 23.1%; Honduras 9.6%; Nicaragua 6.7%; and Panama 0.8%.

### **3.3.3 Latin American Integration Association (LAIA)**

3.30. The Republic of Nicaragua acceded to the 1980 Montevideo Treaty (TM 80) on 11 August 2011 in Montevideo, Uruguay. The accession was approved by Nicaragua's National Assembly by Decree A.N. No. 6758, adopted on 20 March 2012 and published in Official Journal, *La Gaceta*, No. 57 of 23 March 2012.

3.31. For Nicaragua to become a full member of LAIA, the current negotiations of the Market Opening Lists (NAM) with Paraguay must be concluded. These negotiations are expected to be concluded in the first half of 2021.

### **3.3.4 Bolivarian Alliance for the Peoples of Our America (ALBA) the Peoples' Trade Agreement (ALBA TCP)**

3.32. Under this Agreement, Nicaragua is pursuing efforts to achieve the objective of establishing an economic area of shared development that seeks to consolidate and expand an alternative model of economic relationships in order to strengthen and diversify production mechanisms and trade, and to lay the foundations for any bilateral and multilateral instruments as may be signed on those subjects by its members.

### **3.3.5 Mexico**

3.33. The trade agreement between Central America and Mexico, which celebrated its seventh anniversary in September 2019, entered into force on 1 September 2012, unifying the three bilateral agreements Mexico had with the Central American countries. All tariff lines are now zero rated, except for exceptions.

3.34. Exports from Nicaragua to Mexico declined during the period 2012-19. Exports to the Mexican market fell from USD 484.2 million in 2012 to USD 293.3 million in 2019, for an absolute reduction of 39.4%, reflecting an average annual decrease of 6.9% over the period under review. The exportable supply is focused on a few goods: wires, cables and electric conductors, which, on average, account for 69.3% of total exports to Mexico. Other products include: beef and offal 9.7%; groundnuts 5.6%; crude vegetable oil 5.4%; shrimp 1.9%; and apparel and clothing accessories 1.6%.

3.35. Imports from Mexico grew at an annual average rate of 6.6% between 2012 and 2019; most worthy of note were imports of wires, cables and other electric conductors, crude oil, woven cotton fabrics, connectors for optical fibres and optical fibre cables, medicinal products for human use, preparations for use on the hair, copper wire and television sets.

3.36. The share of exports in trade between the two countries averaged 42.0% over the period 2012-19. There was a trade surplus between 2012 and 2014, but a clear deficit emerged in 2015, with the negative trend continuing until 2017. The deficit narrowed markedly in 2018-19.

### **3.3.6 Dominican Republic**

3.37. Trade between Nicaragua and the Dominican Republic under the FTA between Central America and the Dominican Republic fell from USD 62.9 million in 2012 to USD 55.8 million in 2019, an 11.2% drop, with an average annual decrease of 1.7% over the 2012-19. Exports tumbled from USD 29.6 million in 2012 to USD 17.4 million in 2019. The main goods exported to the Dominican Republic were: unmanufactured tobacco (41.9%), woven cotton fabrics (12.7%) and bakers' wares (8.9%). Meanwhile, imports rose from USD 33.3 million in 2012 to USD 38.4 million in 2019.

### **3.3.7 United States**

3.38. Trade in goods from Nicaragua with the United States has risen during the past seven years; the annual average variation in trade and its constituent parts was positive and rose, except in 2013, which saw a contraction caused by the effects of the global economic slowdown. Total trade increased in value from USD 5,213.9 million in 2012 to USD 8,355.1 million in 2019, as a result of a strong performance in both exports and imports.

3.39. Exports from Nicaragua to the United States in 2019 totalled USD 3,253.7 million, an average annual growth rate of 6.4% between 2012 and 2019. Exports from free zones account for an average of 64% annually of total exports, the remaining 36% covers the national exportable supply of goods under the general regime. The main exported goods were: apparel and clothing accessories (43.1%), unwrought gold (13.1%), wires, cables and other electric conductors (10.0%), green coffee (8.4%), beef (7.5%), and cigars and cigarillos (5.9%).

### **3.3.8 Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei)**

3.40. Exports to the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu (Chinese Taipei) increased from USD 47.4 million in 2012 to USD 117.1 million in 2019, an average annual growth rate over the period of 13.8%. The main exported goods were: shrimp (41.9%), beef (16.8%), cane sugar (14.2%), lobster (8.1%) and green coffee (6.4%). With regard to imports, they rose from USD 22.4 million in 2012 to USD 40 million in 2019, an average growth rate of 8.6% over that period.

3.41. In 2012 exports from Nicaragua to Chinese Taipei had a 68% share of bilateral trade and by 2019 this had risen to 74.6%. Meanwhile, the share of imports fell from 32% to 25.4%.

### **3.3.9 Chile**

3.42. The FTA between Central America and Chile and the bilateral protocol thereto between Nicaragua and Chile entered into force on 19 October 2012. Trade between the two countries decreased from USD 35.6 million in 2012 to USD 32.4 million in 2019, a drop of 8.9%.

3.43. Exports fell from USD 8.7 million in 2012 to USD 5.1 million in 2019. The main exported goods were: colouring matter (22.0%), footwear and worn clothing (17.1%), rum (14.3%), apparel and clothing accessories (11.7%) and preparations used in the manufactures of inks (10.4%). Meanwhile, imports increased from USD 26.9 million in 2012 to USD 27.3 million in 2019.

### **3.3.10 European Union**

3.44. The Association Agreement between Central America and the European Union was signed on 29 June 2012 and the trade pillar entered into force in August 2013. Trade between Nicaragua and the 27 EU members grew by 17.2%, up from USD 643.8 million in 2013 to USD 754.6 million in 2019.

3.45. Exports increased from USD 328 million in 2013 to USD 399.1 million in 2019, and the main goods exported were: green coffee (33.5%), shrimp (22.2%), groundnuts (11.6%), lobster (6.7%)

and bananas (6.1%). With regard to imports, they grew from USD 315.8 million in 2013 to USD 355.5 million in 2019, the main imports were medicinal products for human use; textile fabrics impregnated, coated, covered; lamp-holders, plugs and sockets; connectors for optical fibres, optical fibre cables; diagnostic or laboratory reagents; infant food preparations; malt; and other articles of iron or steel.

### **3.3.11 Cuba**

3.46. The Partial Scope Agreement between Nicaragua and Cuba entered into force on 9 October 2014. It covers the most important issues related to trade, tariff preferences and non-tariff restrictions, domestic taxes, rules of origin, safeguard clauses and other measures, technical barriers to trade, sanitary and phytosanitary measures, and dispute solution.

3.47. Trade between Nicaragua and Cuba increased by 30.7% from USD 4.6 million in 2014 to USD 6.0 million in 2019, with an average annual growth rate of 5.5% over the period 2014-19. Exports rose from USD 1.9 million in 2014 to USD 5.1 million in 2019. The main exported goods were: plastic tubes and fittings (25.5%), beans (22.1%), vaccines for human medicine (18.5%), green coffee (9.4%) and sanitary wares (5.6%). Meanwhile, imports fell from USD 2.7 million in 2014 to USD 0.9 million in 2019.

### **3.3.12 Ecuador**

3.48. The Partial Scope Agreement between Ecuador and Nicaragua, which entered into force on 19 November 2017 and was negotiated within the framework of LAIA, is a mechanism for expanding the preferences between Nicaragua and Ecuador beyond the regional tariff preferences. It regulates the bilateral relationship until Nicaragua is fully incorporated into LAIA.

3.49. Trade between Nicaragua and Ecuador grew by 104.9%, from USD 109.3 million in 2016 to USD 224.0 million in 2019, with an average annual increase of 27.0% over that period. Exports rose from USD 7.0 million in 2016 to USD 26.6 million in 2019. The main exports were: whole fish (39.3%), waste and scrap paper for recycling (17.6%), scrap iron and steel (13.4%), colouring matter (9.1%) and preparations used in the manufactures of inks (8.1%). Meanwhile, imports increased from USD 102.3 million in 2016 to USD 197.4 million in 2019.

### **3.3.13 South Korea**

3.50. The FTA between Central America and South Korea entered into force on 1 October 2019. The aim of the agreement is to strengthen trade relationships and cooperation in trade matters between the Parties by granting tariff preferences and eliminating non-tariff restrictions, that will boost trade flows in a manner compatible with their respective economic policies, foster growth in productive sectors and increase FDI.

3.51. From October to December 2019, trade amounted to USD 35.3 million, of which exports accounted for USD 15.0 million. The main exported goods were: cane sugar (89.8%), copper scrap (3.7%), iron or steel scrap (1.8%) and green coffee (1.3%). Imports totalled USD 20.3 million.

## **3.4 Foreign Direct Investment**

3.52. Under the pillars of the National Human Development Programme 2018-21, facilitating investment and modernizing the legal framework are established as one of the main tools to promote the country's socioeconomic development, by attracting national and foreign investment. In the last seven years, the Government of Nicaragua has implemented a series of policies to promote investment, both foreign and domestic, which have enabled it to attract USD 6,374.6 million in net FDI flows.

**Table 3.3 Foreign Direct Investment, 2013-19**

Year	USD million	% growth	% of GDP
2013	965.7		8.79
2014	1.076.8	11.50	9.06
2015	967.0	-10.20	7.58
2016	989.1	2.29	7.44
2017	1.035.4	4.68	7.51
2018	837.6	-19.10	6.41
2019	503.0	-39.95	4.02

Source: PRONicaragua.

3.53. In the framework of these policies to encourage investment, the Government created PRONicaragua, the official investment promotion agency, operating as an economic development programme since 2002. In October 2015, pursuant to an Act of the National Assembly, it was declared a decentralized entity of the State, under the sectoral supervision of the Office of the President of the Republic and with a public-private board of directors. Its mission is to generate economic growth and create jobs in Nicaragua by promoting high-quality investments. Its services are available free of charge to qualified individuals and companies interested in exploring business opportunities in the country. Thanks to its high quality standards and implementation of best international practices, PRONicaragua has been recognized by a series of prestigious institutions that are experts in the field of investment promotion.

3.54. As a result of its investment promotion efforts, PRONicaragua has been able to set up 123 new investment projects in the last seven years, worth a total of approximately USD 846 million. Moreover, these projects have created 25,725 new jobs in different sectors of the county's economy.

3.55. During the period 2013-19, investment mainly went to the following productive sectors: industry, finance, trade and services, telecommunications and mining; these five sectors accounted for 85% of FDI inflows. In 2019, the telecommunications sector accounted for 30% of total FDI. Other important sectors were mining with 26%, trade and services 11%, finance 10% and tourism 6.8%, which altogether accounted for 84% of total inflows in that year.

**Table 3.4 Net FDI flows by economic sector, 2013-19.**

(USD million)

	2013	2014	2015	2016	2017	2018	2019
<b>Total</b>	<b>965.7</b>	<b>1.076.8</b>	<b>967.0</b>	<b>989.1</b>	<b>1.035.4</b>	<b>837.6</b>	<b>503.0</b>
Industry	212.1	365.4	305.4	292.0	233.6	110.0	24.5
Finance	88.3	101.7	115.7	144.3	130.8	125.5	50.3
Trade and services	98.5	32.4	140.2	217.7	211.8	137.2	53.9
Energy	329.8	325.4	107.8	18.3	175.1	165.3	14.2
Telecommunications	124.5	189.3	225.5	179.5	153.8	135.9	150.5
Agriculture	41.4	36.7	36.5	57.8	10.0	28.6	25.5
Mining	2.4	-17.8	-13.0	24.4	18.3	65.2	131.9
Forestry	19.4	13.2	17.5	9.8	2.7	0.4	0.1
Construction	-	5.8	8.6	26.9	1.6	2.2	-1.6
Tourism	1.0	6.9	30.0	9.3	36.5	19.5	34.4
Transportation	34.3	-6.7	-32.0	-6.7	45.4	2.5	10.8
Other	13.4	24.5	24.8	15.8	15.8	45.3	8.5

Source: Ministry of Development, Industry and Trade (MIFIC).

3.56. With regard to the sources of FDI in 2013-19, the main countries that invested in Nicaragua were the United States, Mexico and Panama, which together accounted for around 53% of total FDI over that period.

### 3.5 Trade Facilitation

3.57. Nicaragua has championed important trade facilitation initiatives that seek to implement measures to streamline, automate and harmonize procedures and processes, and to mainstream

best practices, which will help to speed up foreign trade and reduce the costs, and thus foster competitiveness and market integration and attract investment.

3.58. On 4 August 2015, Nicaragua submitted to the WTO its instrument of acceptance of the Protocol Amending the Marrakesh Agreement which establishes the Agreement on Trade Facilitation, making it the first Latin American country to ratify the Agreement.

3.59. As part of its steady progress in the Central American economic integration process, in October 2015, Nicaragua approved the Central American Trade Facilitation and Competitiveness Strategy with Emphasis on Coordinated Border Management, which sets out short-, medium- and long-term measures as well as cross-cutting approaches for its implementation. The project to implement a Central American digital trade platform is being carried out within the framework of this initiative. Intra-regional and extra-regional trade operations can be carried out through this platform and it can interact with customs, migration, health and single window systems for the exchange of information, in accordance with the requirements (functionalities, services) and the model adopted by the Central American countries.

3.60. The Central American Single Declaration (DUCA) came into force on 7 May 2019, bringing together in a single format the goods declaration for all foreign trade operations and replacing the Central American Single Customs Form (FAUCA), Goods Declaration (DM) and the Overland International Customs Transit Declaration (DUT) with the new DUCA-F, DUCA-D, DUCA-T modalities, respectively.

3.61. The Border Integration Programme (PIF) has also been implemented, financed by Inter-American Development Bank (IDB) funds and executed by the Ministry of Finance and Public Credit of Nicaragua. The programme aims to boost foreign trade competitiveness by modernizing infrastructure, equipment and information systems at the border control posts of Peñas Blancas, El Guasaule and San Pancho, in order to ensure efficient, effective coordination of controls by the responsible bodies against a backdrop of coordinated border management.

3.62. Similarly, considerable efforts have been made to facilitate export procedures through the single export form (FUE), DUCA-F and the single export request form (FUSE), as part of the Integrated Export Formalities System (SITRADE), in addition to providing certificate of origin of goods processing services online or in person for firms operating in free-trade zones. Moreover, the electronic payment modality for exporting firms that carry out procedures through CETREX, which has helped to reduce speed up and streamline procedures.

3.63. In terms of functions, CENTREX will be the Single Window for Foreign Trade (VUCEN) that will come on line in 2021 and will simplify pre-customs formalities, reducing times and costs for firms involved in international trade.

3.64. Among other things, the process for import and export formalities for international cargo and attending to vessels has been strengthened through the reinforcement of the single window for formalities in the ports of Corinto and Arlen Siú. In addition, procedures for completing the formalities for importing and exporting goods have been drawn up and published. As part of the technological upgrade, a mobile application for container management is being launched in Puerto Corinto, in order to organize the stevedoring and import and export clearance operations. The system of the Convention on Facilitation of International Maritime Traffic (FAL65) has been implemented for shipping companies to send their cargo manifests, which has cut times by 25%.

### **3.6 Technical Standards**

3.65. The country has expanded its regulatory framework in accordance with its context, demands and international trade trends, by seeking to apply principles of good regulatory and standardization practices. Over the course of the period 2012-19, 127 Nicaraguan technical standards (NTNs) and 78 Nicaraguan Mandatory Technical Standards (NTONs) have been drawn up.

3.66. The National Metrology Laboratory (LANAMET) and the Food Technology Laboratory were opened in 2015. To date, the accredited bodies in Nicaragua include 13 testing laboratories, three calibration laboratories and two inspection agencies. Controls in accordance with technical

regulations are carried out by the respective competent authority at the point of entry into Nicaragua and through on-site inspections.

3.67. As of July 2020, as part of the improvement process and in an effort to strengthen the management of international public consultation, the TBT and SPS notification authority began using the WTO Secretariat's online notification submission system.

3.68. It is expected that in the next five years some 160 documents, including technical standards and regulations, will be prepared.

### **3.7 Sanitary and Phytosanitary Measures**

3.69. Sanitary and phytosanitary measures have continued to be strengthened between 2012 and 2019 in an effort to safeguard the health and life of people and animals or to protect plants. The Institute for Agricultural and Livestock Protection and Health (IPSA) has been charged with achieving this goal. The purpose of the Institute is to facilitate, regulate, control and implement sanitary and phytosanitary policies and actions that entail or are derived from the planning and coordination of national activities linked to ensuring, maintaining and strengthening health in the agricultural, aquaculture and fisheries industry, contributing to public health and national and international trade.

3.70. In this connection, progress has been made with regard to sanitary and phytosanitary technical standards and regulations, in order to guarantee the safety of food products of animal and plant origin for human consumption, and to prevent the spread of pests and diseases, based on compliance with international agreements relevant to sanitary and phytosanitary protection. Efforts have focused on improving the infrastructure: two laboratories for agricultural and food products have been built and there are three mobile veterinary diagnosis laboratories in order to provide a better service.

### **3.8 Intellectual Property**

3.71. Article 99 of our Political Constitution states that private individuals are primarily responsible for carrying out economic activities. The leading role of private enterprise, which includes, in a broad sense, large, medium-sized and small businesses, microbusinesses, cooperative, associative and other enterprises, is recognized. Furthermore, the same article establishes that it is the State's responsibility to protect, encourage and promote forms of ownership. Full compliance has created a robust environment that allows for the use, registration and protection of intellectual property rights, involving bodies such as Customs, the Office of the Public Prosecutor, the National Police and the judiciary.

3.72. The corresponding passage is in the last sentence of Article 125 of the Political Constitution of Nicaragua, which provides that the State promotes and protects the free creation, research and dissemination of sciences, technology, arts and literature, and protects intellectual property.

3.73. During this period, protection has been extended to intellectual property rights, a culture has been created of protecting entrepreneurs' distinctive signs and other intellectual property rights. The first designation of origin, "Café Dipilto", has been registered and the State is working, together with producers, on the protection of other designations of origin for coffee as well as other signature products, such as cacao, tobacco, handicrafts and honey, in order to place them in international markets and take advantage of the opportunities offered under the different FTAs to which Nicaragua is a party.

3.74. In the period under review, Nicaragua ratified the Marrakesh Treaty, part of the body of international copyright treaties administered by the World Intellectual Property Organization (WIPO), which is remarkable for its spirit of humanitarian development with its goal of creating mandatory limitations and exceptions for the benefit of persons who are blind, visually impaired and otherwise print disabled.

3.75. Law No. 380, Law on Trademarks and other Distinctive Signs, was amended by Law No. 1024<sup>5</sup>, to optimize time-frames and cut red tape, making the process more user-friendly.

### **3.9 Competition and Consumer Protection Policies**

3.76. The National Human Development Programme considers that the free market is flawed and that State intervention is needed to correct its failings and create an appropriate regulatory system.

3.77. With the enactment of Law No. 601, Law on Promotion of Competition, the State of Nicaragua made progress towards establishing a competition policy. It is implemented by the National Institute for the Promotion of Competition, PROCOMPETENCIA, a technical body governed by public law with legal personality, which has own resources and administrative and budgetary.

3.78. The mere existence of a State entity entrusted with safeguarding free competition improves the business climate and legal certainty; it promotes fair practices in trade matters, the prevention, investigation and punishment of unfair trade practices and conduct.

## **4 SECTORAL POLICIES AND ECONOMIC OUTLOOK**

### **4.1 Agriculture and Livestock**

4.1. The aim of public policy for the sector is to promote growth, balance and sustainability in production and, in turn, the family, community and cooperative economy and food security, in addition to driving the productive restructuring of the sector and supporting investment in technological development.

4.2. The development of the sectoral public policy framed by the agricultural strategy is oriented towards the productive transformation of the country. The policies and programmes seek to increase and diversify agricultural production, and boost yields and added value, guaranteeing the population's food and nutritional sovereignty and security.

4.3. Where livestock are concerned, future efforts are described in the Competitive Restructuring Programme for Livestock Farming, a 16-year programme launched in August 2016. In its first stage it has been possible to establish improved and sustainable productive models, together with better support services for production in infrastructure development, pasture, trade issues, bovine traceability, animal welfare and transportation, contributing to the sector's transformation.

4.4. The sector's main agricultural exports are coffee, tobacco, cane sugar and groundnuts, while one of the most promising products is cacao, which began to be developed in 2013 with government support for the rural population, especially small and medium producers. In 2019, exports of agricultural origin generated USD 2,123.3 million, a slight increase of 3.02% compared to 2018. The main agricultural exports in 2019 in order of importance were: beef (USD 522.5 million), green coffee (USD 458.1 million), cane sugar (USD 184.7 million), cheese (USD 123.6 million) and groundnuts (USD 96.8 million).

4.5. In accordance with the National Production Plan 2019-20, agricultural production increased 3.2% compared to the previous cycle, as a result of higher productivity, driven by programmes, projects, strategies and actions to promote the agricultural and agro-industrial sector.

### **4.2 Agro-industry and Forestry**

4.6. Nicaragua is characterized by its geographic and climatic diversity that allows a wide variety of agricultural products to be cultivated. With regard to the forestry sector, it also has the potential to generate greater added value and employment following the increase in the production of wood and forest products for both the domestic and export markets, contributing to the strengthening of the agro-industrial sector.<sup>6</sup>

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<sup>5</sup> Law on Amendments and Additions to Law No. 380, Law on Trademarks and other Distinctive Signs, Law No. 1024, adopted on 24 March 2020, published in Official Journal, *La Gaceta*, No. 65 of 3 April 2020.

<sup>6</sup> There have been no legislative developments in the period under review.



4.7. As part of its efforts to strengthen investment opportunities, the Government of National Reconciliation and Unity (GRUN) offers excellent conditions for various agro-industry subsectors, such as agricultural products and by-products, aquaculture, the dairy industry, meat and meat by-products, the food industry and forest plantations.

4.8. In 2018, the agro-industry sector contributed around 14.3% of GDP, employed 31.5% of the working population and accounted for 43.2% of the value of total exports.

### **4.3 Industry**

4.9. In accordance with the National Human Development Programme (2018-21), its social-productive development pillar states that the industrialization policy shall be aimed at competing in the local and export markets, by promoting innovative methods with modern technology to improve quality, productivity and competitiveness, developing industrial activities with the participation of different productive and trade sectors, encouraging the creation of industrial and agro-industrial parks and promoting the expansion of the mining sector's productive capacity, with environmental sustainability.

4.10. The manufacturing industry accounts for a large share of the national economy; in 2019, it contributed 15.53% of GDP, with a growth rate of 0.18% compared to 2018. The sector received USD 1,543 million in FDI over the period 2012-19. In 2019, FDI inflows were USD 24.5 million, or 4.9% of the total.

### **4.4 Fishing and Aquaculture**

4.11. Public policy for this sector seeks to contribute to food security, positively impact the diet of rural populations, promote small-scale fishing and modify industrial fishing in line with new production processes, which improve the economic profitability of the sector in strict compliance with environmental legislation.

4.12. Law No. 489, Law on Fishing and Aquaculture, lays down the legal regime governing fishing and aquaculture with the aim of ensuring the conservation and sustainable development of hydrobiological resources by optimizing the use of traditional fisheries and promoting diversification into non-traditional fisheries and aquaculture.

4.13. The Nicaraguan Fishing and Aquaculture Institute (INPESCA) is the State body responsible for the administration of fisheries and aquaculture-related resources, its main objective is to promote the rational use and sustainable development of resources and activities through the application of the most advanced concepts of fisheries administration, including planning and management, scientific research, investment and market promotion, support for social sectors and less developed productive activities, ongoing monitoring of regulatory, oversight, inspection and registration activities. The aim of public policy in this sector is to support small producers who engage in small-scale fishing and aquaculture.

4.14. The plans and strategies for the development of the sector are set out in the Fishing and Aquaculture Plan, the Strategy for Small-Scale Fishing and the Strategy to Develop Small-Scale Aquaculture.

4.15. During the period under review, fisheries and aquaculture exports grew by 35.5%, up from USD 236,906 million (2012) to USD 318,833 million (2019).

4.16. With regard to external markets, in 2019 Nicaraguan fishery and aquaculture products were successfully placed in 34 destination countries, the most important being: Chinese Taipei (22.61%), Spain (16.93%), the United States (29.69%), France (12.02%), Costa Rica (2.69%) and Mexico (2.53%).

4.17. Nicaragua offers favourable conditions for small-scale fishing through the low cost of operating licences, exclusively for nationals. The law establishes modalities for sport, scientific, small-scale and industrial fishing.

4.18. High fuel costs appear to be boosting mariculture and aquaculture. The latter ties in with Nicaragua's efforts to attain food security to combat poverty. The National Strategy to Develop Small-Scale Aquaculture 2020-23 is being promoted.

#### 4.5 Energy

4.19. Energy generation is an essential aspect of the Pillars of the National Human Development Programme 2018-21, Law No. 532<sup>7</sup> sets out incentives for generating projects that draw on the country's renewable energies for the public electricity service.

4.20. The sector received USD 1,135.9 million in net FDI flows over the period 2013-19, with 2013 seeing the largest inflows, in the amount of USD 329.8 million.

4.21. The main public policy priorities in the sector are: ensuring the electricity supply at the national level, transforming and diversifying the electricity generation matrix, increasing generation capacity, facilitating research and access to clean energy technology, and promoting hydrocarbon exploration and production.

4.22. During the period under review, the distribution network has grown, creating new circuits to supply rural areas, small hydroelectric power stations have been built and communal solar panels have been installed. National coverage reached 97.16% in 2019, compared to access levels of 73.7% in 2012 and just 54% in 2006. During 2019, 4,105.48 GWh of electricity was generated locally, with a maximum demand of 717.5 MW. Electricity imports increased significantly over the period 2012-19, up from 20.02 GWh in 2012 to 434.42 GWh in 2019.

4.23. Nicaragua has various potential sources of renewable energy; it is estimated that the country could generate some 4,500 MW from renewable energy sources, which may be geothermal, hydroelectric, wind, solar or biomass. Investment in the electricity sector in recent years has led to the diversification of the energy matrix, taking advantage of the country's clean energy sources to produce 53.93% of its electricity in 2019 (not including imports), while the remaining 46.06% was generated by fossil fuel plants.

#### 4.6 Tourism

4.24. The Government of National Reconciliation and Unity has been aware of the benefits of tourism, which is why it features prominently in the Pillars of the National Human Development Programme 2018-21 and forms part of the strategy for economic growth, poverty reduction and advancement of gender equity. In this connection, the government's actions seek to develop sustainable tourism that creates jobs, based on our national identity; link the tourism offering and activities to small businesses and productive enterprises; involve all sectors in tourism development; promote technical and professional education and training, as a mechanism to improve quality, and encourage domestic and foreign investment.

4.25. The Nicaraguan Tourism Institute (INTUR) has strengthened its institutional work with the adoption in August 2014 of the simplified procedures with regard to the requirements to apply for benefits under Law No. 306, Law on Incentives for the Tourism Industry of the Republic of Nicaragua, and Law No. 694, Law Promoting Income Inflows from Resident Pensioners or Rentiers, and for the registration of service providers in the National Tourism Register. In addition, the online automation process for payments received by INTUR and the Tourism Business Registration System (SIRCET) was completed in 2018. SIRCET has been operational since 2018 and the online payment module will start to be implemented in January 2021.

4.26. With the entry into force of Law No. 987, Law on Amendments and Additions to Law No. 822, Tax Law<sup>8</sup>, the incentives set out under Law No. 306 were modified to exempt imported goods from value added tax (VAT), but not customs import duties (DAI) or the selective consumption tax (ISC). Vehicles may be exempt, provided that their cost, insurance and freight (CIF) value is equal to or

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<sup>7</sup> Law on the Promotion of Renewable Electricity Generation, published in Official Journal, *La Gaceta*, No. 102 of 27 May 2005.

<sup>8</sup> Law No. 987, published in Official Journal, *La Gaceta*, No. 41 of 28 February 2019.

below USD 13,000.00, if their value is higher than this amount, the beneficiary must pay the taxes on the excess.

4.27. Nicaragua welcomed 1.29 million tourists in 2019. The main source markets were still Central America (63.53%) North America (25.86%) and Europe (6.36%).

#### 4.7 Mining

4.28. The Ministry of Energy and Mining (MEM), established in 2007<sup>9</sup>, is the entity responsible for issuing operating permits for mining concessions. This legal framework, Law No. 387<sup>10</sup>, provides comprehensive coverage of all types of mining, whether for metals or non-metals, in Nicaragua. The benefits established under this Law have opened the way for significant investments in the use of metallic and non-metallic minerals. The pillars of the National Human Development Programme 2018-21 highlight the importance of mining, with the aim of promoting the mining sector as part of an environmentally sustainable scheme and the expansion of its productive capacity.

4.29. Given the importance of the mining sector to the development of the country, Nicaragua offers the following incentives for domestic and foreign investment:

- Temporary admission procedure, which allows products to enter Nicaraguan customs territory, as well as the local purchase of goods or raw materials free from any duty or tax, or eligible for a subsequent refund of taxes paid, provided the goods are re-exported or exempt, as the case may be, after undergoing manufacturing, processing, repair or other procedure foreseen in the legislation.
- Exemption from payment of taxes levied on companies' immovable property within the perimeter of mining concessions.
- 0% rate for exports (applicable to exports in general).

4.30. There is huge potential in the mining industry, whether for metals or non-metals, the sector received USD 131.9 million in FDI net inflows, 26% of the total, in 2019. In the same year, the mining sector contributed 1.73% of GDP.

#### 4.8 Financial Services

4.31. Despite the headwinds that the Nicaraguan economy experienced during 2018-19, the liquidity and capital adequacy indicators of the financial system were acceptable. In this connection, deposits increased by 6,448.0 million córdobas (NIO), equivalent to 5.5% compared to 2018. The return on equity (ROE) and return on assets (ROA) indices were positive in 2019, at 6.8% and 1.2%, respectively. Similarly, the credit rating or capital adequacy indicator was 21.6% in 2019, well above the 10% required by law. Liquidity coverage, measured as the ratio of cash and cash equivalents to public deposits, was 47.0%, a historical high.

4.32. As a result of the management of financial institutions and supervisory and regulatory actions implemented by the Supervisory Authority for Banks and Other Financial Institutions (SIBOIF), for 2019, the number of supervised financial institutions was the same as in 2018, while the credit and liquidity indicators remained above the minimum levels required and higher than in previous years.

4.33. At the end of 2019, the National Financial System (SFN) was made up of seven private commercial banks, a state development bank (Bank for the Promotion of Production (BFP)), four private non-bank financial institutions, four private and one state insurance companies (the

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<sup>9</sup> Law No. 612, Law on Amendments and Additions to Law No. 290, Law on the Organization, Competence and Procedures of the Executive, published in Official Journal, *La Gaceta*, No. 20 of 29 January 2007.

<sup>10</sup> The Special Law on Mining Prospecting and Exploitation, Law No. 387, was adopted on 26 June 2001, published in Official Journal, *La Gaceta*, No. 151 of 13 August 2001 and was later amended in 2005 by Law No. 525, adopted on 15 March 2005, published in *La Gaceta* No. 62 of 31 March 2005. The legal framework was completed by Decree No. 119-2001, implementing regulations for Law No. 387, and by Law No. 730, Special Law on the Use in Infrastructure of Certain Naturally Occurring Deposits, published in *La Gaceta* of 11 August 2010.

Nicaraguan Insurance and Reinsurance Institute (INISER)), four general deposit warehouses and eight securities market institutions. As of December 2019, banks and finance companies' public liability obligations in national and foreign currency amounted to USD 3,628.7 million, a 7.9% decrease compared to December 2018. Likewise, the net loan portfolio of the 12 banking and financial institutions totalled USD 3,648.7 million in domestic and foreign currency, a 20.49% decrease compared to December 2018.

4.34. As of December 2019, the total assets of banks and finance companies was USD 6,720.0 million, lower than the balance of December 2018, when they amounted to USD 7,182.6 million. The equity of banks and finance companies was USD 1,220.7 million in 2019, higher than the balance of December 2018 of USD 1,139.0 million.

#### **4.9 Telecommunications**

4.35. The telecommunications sector in Nicaragua, in the period between 2012-19, presented one of the highest growth rates in its history, thanks to the public policies adopted by GRUN and the Nicaraguan Institute of Telecommunications and Postal Services (TELCOR), the regulatory entity.

4.36. The Pillars of the National Development Programme 2018-21 establish the following objectives for this sector:

- Establish and develop an information and communication technology policy, which encourages the development of technological infrastructure and instruments.
- Continue to expand the bandwidth for high-speed internet service and access to it throughout the country.
- Modernize and resize the national and international postal network of Correos de Nicaragua, promoting the quality of operations and diversification of services.
- Develop new specific standards and studies that allow telecommunications to be updated and developed.

4.37. The telecommunications sector is highly attractive for FDI; in 2019, it was the sector that generated the highest value with USD 150.5 million, 30% of the total. This investment has been directed mainly to wireless and fixed data network infrastructure, through the construction of base stations and the roll-out of fibre optics, as a result of the growing demand for multimedia services making it necessary to increase the bandwidth to allow photos and videos to be sent and applications to be used in economically productive areas, health and education.

4.38. The implementation of the Rural Telecommunications Project and the Caribbean Regional Communications Infrastructure Programme (CARCIP) has provided access to telecommunications in rural areas along the North and South Caribbean Coast, and in Rio San Juan and some municipalities in the Central Zone of the country, to provide mobile phone service and broadband Internet. In the framework of this project, 27 mobile communications base stations were set up between 2012 and 2015, while under CARCIP, 18 mobile communications base stations were established between 2016 and 2019, benefiting a total of 76,478 people, who did not have access to any telecommunications service, which has notably improved their quality of life.

## **5 CONCLUSION**

5.1. GRUN is firmly committed to building a cohesive society that benefits all Nicaraguans. Freedom from social unrest must build upon the foundations of the significant progress made in combating poverty and extreme poverty; it must promote productive investment in key sectors of the economy that primarily raise the level of employment. During the period under review, there was a drop in poverty and extreme poverty.

5.2. During the period under review, 2012-19, the Nicaraguan economy was characterized by macroeconomic and financial stability, sustainable public finances and stable inflation rates. Exports increased and progress was made in economic and social development, with the industrial, mining and agricultural sectors showing particularly positive results.

5.3. It is very important to our economy to reduce or eliminate trade restrictions, as well as tariff escalation preventing products with greater added value from accessing the international market due to the imposition of high tariffs on such products. Without such stimulus, it is very difficult to promote product diversification policies and expand the exportable supply.

5.4. Nicaragua is undertaking important initiatives to facilitate trade in order to enhance competitiveness, market integration and investment attraction, in accordance with the Pillars of the National Human Development Programme, including international and regional commitments in this area. Work will continue in close coordination with various sectors in order to provide trade operators with greater transparency and streamline processes associated with formalities and services.

5.5. GRUN considers investment to be a strategic instrument for generating economic growth and job creation in its fight against poverty. Nicaragua is therefore implementing measures to facilitate and modernize its legal framework in order to attract private investment, especially FDI, with a view to realizing the potential for exploitation in, *inter alia*, the agro-industrial sector, exports, mining, and telecommunications.

5.6. Nicaragua has made important advances in terms of its power supply coverage, as well as significant changes to its power-generation mix, through the use of natural resources and incentives for clean energy generation projects. Moreover, it plans to continue promoting investment in this sector in order to increase generation capacity and diversify energy sources.

5.7. The strong performance in telecommunications is the result of public and private investment in this sector. Nicaragua will continue to develop and expand coverage for the provision of information technology and communication services, through the implementation of programmes and projects that bring these services to remote areas, in order to improve the living conditions of Nicaraguans.

5.8. Nicaragua welcomes the possible reform of the WTO in order to continue working towards the objectives of the Doha Development Round and the successful conclusion of the negotiations. Furthermore, it considers that the system must strengthen the special and differential treatment afforded to developing countries, especially those with small and vulnerable economies such as Nicaragua, and increase Aid for Trade, technical assistance and capacity-building.

## 6 APPENDIX TABLES

**Table A1.1 General Indicators**

	km <sup>2</sup>
Total area	130,373.40
Land <sup>a</sup>	120,339.20
Islands	517.4
Lakes and lagoons	10,407.60
Lake Cocibolca	8,138.10
Lake Xolotlán	1,052.90

a Including islands.

Source: Central Bank of Nicaragua.

**Table A1.2 Economic indicators, 2017-19**

	2017	2018	2019
Gross domestic product (USD million)	13,786.0	13,063.9	12,520.9
Gross domestic product per capita (USD)	2,156.1	2,022.1	1,918.1
Real economic growth (%)	4.6	4.0	3.9
Inflation (%)	5.7	3.9	6.1
Industrial production (USD million)	6,586.6	6,704.7	6,399.2
Agricultural production (USD million) <sup>a</sup>	3,901.5	3,845.5	3,865.8
Goods exports (USD million)	4,925.6	5,013.9	5,272.6
Goods imports (USD million)	7,707.9	7,351.0	6,985.5
Money supply (M1A) (USD million)	2,292.9	1,926.9	1,899.2
Gross international reserves (USD million)	2,757.8	2,261.1	2,397.4
Domestic public debt (USD million) <sup>b</sup>	940.6	964.6	885.6
External public debt (USD million)	5,546.1	5,949.6	6,278.7

a Including livestock, forestry and fisheries.

b Including Government and BCN debt with the private sector.

Source: Central Bank of Nicaragua.

**Table A1.3 F.o.b. Exports by Region and Country, 2012-19<sup>a</sup>**

(USD million)

Country	2012	2013	2014	2015	2016	2017	2018	2019 <sup>a</sup>
<b>TOTAL</b>	<b>4,550.6</b>	<b>4,594.1</b>	<b>4,973.5</b>	<b>4,667.4</b>	<b>4,592.0</b>	<b>4,925.6</b>	<b>5,013.9</b>	<b>5,272.6</b>
<b>North America</b>	<b>2,869.9</b>	<b>2,974.4</b>	<b>3,209.7</b>	<b>3,047.6</b>	<b>3,157.6</b>	<b>3,213.2</b>	<b>3,326.8</b>	<b>3,529.3</b>
CANADA	321.8	327.0	250.3	59.2	41.6	51.8	38.7	48.6
UNITED STATES OF AMERICA	2,063.9	2,039.8	2,341.9	2,469.3	2,484.6	2,837.7	3,006.1	3,187.4
MEXICO	484.2	607.7	617.4	519.1	631.3	323.8	282.0	293.3
<b>Central America</b>	<b>570.7</b>	<b>565.4</b>	<b>632.1</b>	<b>677.1</b>	<b>653.9</b>	<b>714.9</b>	<b>790.2</b>	<b>830.5</b>
COSTA RICA	126.3	126.4	154.1	131.9	145.7	155.0	155.3	158.7
EL SALVADOR	250.8	218.9	228.5	259.4	261.7	276.1	285.6	294.6
GUATEMALA	80.2	87.9	93.6	111.6	96.4	110.2	129.3	128.2
HONDURAS	113.4	132.3	155.9	174.3	150.1	173.6	220.0	248.9
<b>Latin America and the Caribbean</b>	<b>579.0</b>	<b>515.1</b>	<b>556.9</b>	<b>431.5</b>	<b>270.6</b>	<b>277.5</b>	<b>179.4</b>	<b>214.0</b>
ARGENTINA	0.2	0.1	0.2	0.1	0.4	0.2	0.5	0.3
CHILE	8.7	4.7	10.9	2.7	2.9	2.6	3.8	5.1
COLOMBIA	13.4	10.0	9.3	9.9	7.8	6.5	8.0	9.3
CUBA	1.0	1.6	1.9	1.9	1.1	1.5	1.3	5.1
ECUADOR	2.7	2.2	3.6	4.1	7.0	6.2	7.8	26.6
PANAMA	20.4	30.0	39.4	35.3	42.0	40.4	40.7	40.2
PUERTO RICO	35.7	27.8	53.1	37.2	38.7	46.9	53.1	64.9
DOMINICAN REPUBLIC	29.6	33.4	31.0	35.4	28.3	17.2	18.6	17.4

Country	2012	2013	2014	2015	2016	2017	2018	2019 <sup>a</sup>
BOLIVARIAN REPUBLIC OF VENEZUELA	444.0	384.0	390.1	290.3	113.6	116.8	21.0	13.5
Other	<b>23.1</b>	<b>21.2</b>	<b>17.4</b>	<b>14.5</b>	<b>28.7</b>	<b>39.3</b>	<b>24.5</b>	<b>31.5</b>
<b>European Union</b>	<b>339.9</b>	<b>328.0</b>	<b>325.5</b>	<b>303.5</b>	<b>302.3</b>	<b>413.1</b>	<b>395.8</b>	<b>399.1</b>
GERMANY	32.9	34.7	32.3	35.1	36.2	71.9	68.8	61.0
BELGIUM	67.0	27.4	27.3	30.9	31.7	53.8	56.6	53.6
SPAIN	61.4	80.9	95.5	55.6	56.3	54.8	53.6	68.1
FINLAND	9.4	7.4	6.9	3.5	5.5	7.7	6.0	5.8
FRANCE	33.8	51.2	46.3	40.6	43.7	39.2	44.0	46.5
HOLLAND	33.2	15.9	15.4	27.1	15.2	24.0	34.0	26.5
ITALY	39.5	28.7	40.1	34.7	30.7	40.4	34.3	38.4
UNITED KINGDOM	48.1	45.7	46.7	56.7	55.9	80.2	72.1	57.9
SWEDEN	8.9	7.4	6.3	9.0	8.4	11.3	10.7	9.5
Other	<b>5.6</b>	<b>28.7</b>	<b>8.6</b>	<b>10.3</b>	<b>18.7</b>	<b>29.7</b>	<b>15.8</b>	<b>31.8</b>
<b>Rest of Europe</b>	<b>11.2</b>	<b>8.5</b>	<b>7.9</b>	<b>25.3</b>	<b>11.2</b>	<b>14.6</b>	<b>20.2</b>	<b>23.4</b>
NORWAY	9.7	7.1	6.2	5.7	1.8	1.4	1.1	3.0
RUSSIAN FEDERATION	-	-	-	5.6	7.0	11.0	14.9	12.1
SWITZERLAND	0.7	0.5	0.7	1.3	1.5	1.3	1.4	1.3
Other	<b>0.8</b>	<b>0.9</b>	<b>1.0</b>	<b>12.7</b>	<b>0.8</b>	<b>0.8</b>	<b>2.8</b>	<b>6.9</b>
<b>Asia</b>	<b>149.0</b>	<b>165.1</b>	<b>185.6</b>	<b>152.7</b>	<b>148.1</b>	<b>241.6</b>	<b>257.1</b>	<b>227.7</b>
JAPAN	25.5	22.1	24.2	17.6	22.6	27.7	17.7	13.2
CHINESE TAIPEI	47.4	69.0	76.4	83.8	74.9	122.7	97.6	117.1
Other	<b>76.1</b>	<b>74.0</b>	<b>85.0</b>	<b>51.4</b>	<b>50.6</b>	<b>91.3</b>	<b>141.7</b>	<b>97.4</b>
<b>Rest of world</b>	<b>30.9</b>	<b>37.5</b>	<b>55.8</b>	<b>29.7</b>	<b>48.3</b>	<b>50.6</b>	<b>44.4</b>	<b>48.7</b>

a Preliminary.

Source: DGA.

**Table A1.4 F.o.b. Merchandise Exports by Main Products, 2012-19**

(USD million)

Product	2012	2013	2014	2015	2016	2017	2018	2019
<b>TOTAL</b>	<b>4,550.6</b>	<b>4,594.1</b>	<b>4,973.5</b>	<b>4,667.4</b>	<b>4,592.0</b>	<b>4,925.6</b>	<b>5,013.9</b>	<b>5,272.6</b>
Articles of apparel and clothing accessories, knitted or crocheted	489.9	621.4	759.3	756.7	786.7	819.7	1,006.2	1,126.1
Bovine meat	451.4	383.8	448.0	454.3	420.4	507.7	481.0	522.5
Wire, cable and other electric conductors	451.0	572.8	562.1	567.6	656.7	587.4	531.0	509.0
Gold, unwrought	432.0	436.6	387.0	313.7	357.9	328.4	370.9	499.0
Green coffee	521.8	349.5	395.5	392.3	402.3	510.0	417.9	458.1
Articles apparel and clothing accessories, not knitted or crocheted	640.5	653.1	609.0	523.9	486.1	477.1	411.2	375.6
Cigars and cigarillos	125.8	139.0	145.1	156.2	175.1	203.6	225.4	221.6
Cane sugar	194.9	176.7	207.5	153.1	113.9	183.0	178.5	184.7
Farmed shrimp	122.9	167.6	196.4	140.9	124.5	145.7	151.9	156.4
Cheese	94.7	94.7	96.1	113.4	114.4	117.3	115.7	123.6
Raw peanuts	132.5	102.9	115.1	100.7	79.0	114.0	112.1	96.8
Red beans	49.6	32.9	42.7	71.7	60.0	69.4	75.6	74.3
Lobster	47.0	47.3	55.9	75.2	64.1	65.0	57.6	70.9
Crude oil	48.8	44.7	41.4	40.5	39.2	42.2	48.3	53.1
Fish, whole	21.0	22.7	28.2	24.7	19.1	20.0	25.1	42.4
Articles of jewellery	0.4	0.3	0.3	0.3	7.0	18.1	34.1	38.2
Bananas	2.6	2.3	8.7	27.8	37.8	41.8	42.5	34.3

Product	2012	2013	2014	2015	2016	2017	2018	2019
Powdered milk	41.5	38.1	40.5	29.8	30.2	30.9	31.8	31.4
Unmanufactured tobacco	17.9	22.5	21.8	26.1	22.1	22.5	28.1	25.5
Water, including mineral and aerated water	10.5	10.7	15.1	13.5	13.4	12.2	13.7	25.2
Bovine meat offal	13.3	13.6	18.6	14.3	16.3	21.6	20.8	22.0
Rum	17.5	15.5	18.8	16.8	15.8	18.4	24.9	21.3
Other furnishing articles	17.5	14.0	14.9	22.3	19.4	18.4	17.2	20.6
Instant coffee	21.7	22.0	20.7	22.5	18.2	17.3	18.6	18.0
Cane molasses	8.9	22.1	20.1	16.4	18.7	16.6	16.4	14.2
Bovine cattle	18.4	39.1	40.0	36.5	27.9	20.9	9.6	5.3
Liquid milk	27.5	29.8	42.4	52.6	19.0	19.5	5.7	4.2
Edible oil	50.4	42.2	58.8	33.5	3.3	2.5	2.1	2.4
Leather footwear	34.9	11.2	21.6	29.4	19.7	7.8	6.0	2.3
Bread, pastry, cakes, biscuits and other bakers' wares	25.9	31.1	25.8	22.7	11.6	0.7	0.5	0.5
Rest	417.8	434.1	515.9	418.1	412.2	466.0	533.7	492.9

Table A1.5 C.i.f. imports by use or economic purpose, 2012-19<sup>a</sup>

(USD million)

	2012	2013	2014	2015	2016	2017	2018	2019 <sup>a</sup>
<b>TOTAL</b>	<b>6,029.7</b>	<b>5,498.8</b>	<b>5,746.4</b>	<b>5,866.5</b>	<b>7,481.0</b>	<b>7,707.9</b>	<b>7,351.0</b>	<b>6,985.5</b>
<b>Consumer goods</b>	<b>1,779.0</b>	<b>1,761.1</b>	<b>1,895.9</b>	<b>2,073.4</b>	<b>3,189.2</b>	<b>3,328.5</b>	<b>3,502.4</b>	<b>3,278.1</b>
Non-durable	1,460.1	1,456.9	1,563.1	1,704.8	2,151.9	2,257.6	2,154.4	2,052.0
Durable	319.0	304.3	332.8	368.6	422.7	401.6	300.7	288.1
<b>Oil, fuel and lubricants</b>	<b>1,461.6</b>	<b>1,033.0</b>	<b>1,009.5</b>	<b>739.0</b>	614.6	669.3	1,047.3	938.0
Crude oil	440.5	505.5	508.1	300.8	195.1	255.3	397.6	267.4
Fuel and lubricants	1,021.0	527.5	501.4	438.2	419.5	414.0	649.7	670.5
<b>Intermediate goods</b>	<b>1,511.2</b>	<b>1,563.6</b>	<b>1,540.8</b>	<b>1,635.5</b>	<b>2,720.1</b>	<b>2,904.4</b>	<b>2,774.5</b>	<b>2,855.7</b>
For agriculture	286.6	299.5	298.8	335.8	263.8	340.0	252.6	337.8
For industry	937.3	957.4	954.0	985.6	2,105.8	2,214.4	2,232.0	2,261.1
Construction materials	287.4	306.7	288.0	314.1	350.5	350.0	290.0	256.8
<b>Capital goods</b>	<b>1,269.9</b>	<b>1,133.1</b>	<b>1,292.1</b>	<b>1,410.5</b>	<b>1,558.1</b>	<b>1,466.6</b>	<b>1,071.8</b>	<b>849.9</b>
For agriculture	81.1	65.0	68.7	62.9	64.6	60.0	54.3	20.2
For industry	753.0	619.5	777.7	825.3	948.8	899.4	709.5	616.9
Transport equipment	435.8	448.6	445.7	522.3	544.7	507.2	308.0	212.9
<b>Miscellaneous</b>	<b>7.9</b>	<b>8.0</b>	<b>8.0</b>	<b>8.1</b>	<b>13.5</b>	<b>8.4</b>	<b>2.3</b>	<b>1.8</b>

a Preliminary.

Source: DGA.

Table A1.6 C.i.f. Imports by Region and Country, 2012-19<sup>a</sup>

(USD million)

Country	2012	2013	2014	2015	2016	2017	2018	2019 <sup>a</sup>
<b>TOTAL</b>	<b>6,029.7</b>	<b>5,498.8</b>	<b>5,746.4</b>	<b>5,866.5</b>	<b>7,481.0</b>	<b>7,707.9</b>	<b>7,351.0</b>	<b>6,985.5</b>
<b>North America</b>	<b>1,569.8</b>	<b>1,401.0</b>	<b>1,515.6</b>	<b>1,707.5</b>	<b>2,537.4</b>	<b>2,704.3</b>	<b>2,815.3</b>	<b>2,714.0</b>
CANADA	40.3	35.2	36.2	42.6	38.8	49.0	35.7	38.3
UNITED STATES OF AMERICA	1,086.1	903.9	933.6	1,054.8	1,662.0	1,805.5	2,039.2	1,980.3
MEXICO	443.3	462.0	545.8	610.1	836.6	849.8	740.4	695.3



Country	2012	2013	2014	2015	2016	2017	2018	2019 <sup>a</sup>
<b>Central America</b>	<b>1,234.5</b>	<b>1,262.6</b>	<b>1,280.3</b>	<b>1,367.3</b>	<b>1,746.0</b>	<b>1,829.1</b>	<b>1,790.2</b>	<b>1,803.1</b>
COSTA RICA	462.5	477.5	464.5	479.0	485.3	488.6	450.8	430.9
EL SALVADOR	272.2	278.7	284.2	307.7	327.7	349.1	317.7	304.8
GUATEMALA	341.4	352.5	372.1	407.4	470.1	476.8	454.8	459.5
HONDURAS	158.4	153.8	159.4	173.1	463.0	514.6	566.9	607.9
<b>Rest of Latin America and the Caribbean</b>	<b>1,671.1</b>	<b>1,248.7</b>	<b>1,150.0</b>	<b>799.3</b>	<b>671.1</b>	<b>697.7</b>	<b>698.9</b>	<b>578.2</b>
ARGENTINA	36.5	51.2	34.1	30.4	39.0	90.2	57.8	44.2
CHILE	26.9	41.2	43.4	42.9	42.0	43.4	40.5	27.3
COLOMBIA	18.0	18.8	19.9	19.7	22.9	38.8	171.9	69.3
CUBA	2.6	1.5	2.7	1.7	1.6	0.6	0.2	0.9
ECUADOR	8.2	8.8	7.2	71.2	102.3	47.0	50.3	197.4
PANAMA	11.9	9.8	11.2	27.2	27.1	61.7	18.7	41.5
PUERTO RICO	2.2	2.1	2.1	2.0	2.3	2.5	2.4	1.6
DOMINICAN REPUBLIC	33.3	10.6	9.0	8.2	21.9	25.2	23.1	38.4
BOLIVARIAN REPUBLIC OF VENEZUELA	806.9	102.2	456.0	55.1	21.4	36.0	48.6	31.4
Other	724.5	1,002.6	564.3	540.9	390.6	352.4	285.4	126.2
<b>European Union</b>	<b>348.3</b>	<b>315.8</b>	<b>326.9</b>	<b>420.9</b>	<b>428.8</b>	<b>459.5</b>	<b>377.1</b>	<b>355.5</b>
GERMANY	68.4	73.5	97.5	88.4	137.4	145.2	135.0	122.3
BELGIUM	11.2	13.0	10.8	11.4	16.8	14.7	11.0	8.5
SPAIN	107.0	81.8	68.3	65.6	70.9	84.3	69.8	72.9
FINLAND	4.8	1.7	3.3	4.8	4.7	4.4	3.3	1.0
FRANCE	29.0	32.9	23.3	110.5	27.3	28.6	29.9	25.0
HOLLAND (NETHERLANDS)	15.0	12.9	12.5	26.0	23.7	26.1	21.3	20.6
ITALIA	39.7	34.7	36.3	38.6	57.3	51.6	37.0	35.0
UNITED KINGDOM	14.9	18.9	26.3	22.4	16.6	16.4	12.9	12.2
SWEDEN	19.5	20.4	17.0	16.9	13.5	12.1	10.7	6.6
Other	38.8	25.9	31.5	36.3	60.5	76.2	46.2	51.5
<b>Rest of Europe</b>	<b>23.3</b>	<b>30.0</b>	<b>17.2</b>	<b>97.4</b>	<b>74.9</b>	<b>82.1</b>	<b>89.2</b>	<b>78.8</b>
NORWAY	6.1	6.1	0.9	0.8	3.1	3.2	1.3	1.6
RUSSIAN FEDERATION	-	-	-	62.3	47.3	48.5	62.6	60.5
SWITZERLAND	11.2	17.6	12.8	17.6	20.9	25.5	20.5	14.3
Other	6.1	6.3	3.5	16.6	3.5	4.8	4.8	2.4
<b>Asia</b>	<b>1,169.2</b>	<b>1,228.2</b>	<b>1,429.0</b>	<b>1,462.4</b>	<b>2,003.0</b>	<b>1,913.8</b>	<b>1,560.1</b>	<b>1,433.4</b>
JAPAN	175.7	146.9	142.1	148.5	142.3	158.1	118.2	98.8
REPUBLIC OF KOREA	81.8	82.8	78.2	86.6	168.3	144.0	134.9	102.8
CHINESE TAIPEI	22.4	25.3	29.3	33.0	54.7	55.5	41.1	40.0
Other	889.4	973.3	1,179.4	1,194.2	1,637.7	1,556.2	1,265.8	1,191.8
<b>Rest of world</b>	<b>13.4</b>	<b>12.5</b>	<b>27.5</b>	<b>11.8</b>	<b>19.8</b>	<b>21.4</b>	<b>20.1</b>	<b>22.6</b>

a Preliminary.

Source: DGA.

**Table A1.7 Consolidated non-financial public sector operations, 2017-19<sup>a/b</sup>**

(Córdobas million)

		2017	2018	2019	2017	2018	2019
		(Córdobas million)			(Percentage of GDP)		
<b>1.</b>	<b>Revenue</b>	114,700.0	110,025.3	123,678.8	27.7	26.7	29.8
	Taxes	71,818.6	67,486.2	76,142.1	17.3	16.4	18.4
	Social contributions	23,867.7	24,624.3	27,585.8	5.8	6.0	6.7
	Other revenue <sup>c</sup>	19,013.7	17,914.8	19,950.9	4.6	4.3	4.8
<b>2.</b>	<b>Expenditure</b>	105,417.8	108,545.3	111,578.6	25.4	26.3	26.9
	Employee remuneration	30,935.0	32,141.8	32,960.5	7.5	7.8	7.9
	Purchasing of goods and services	26,445.5	25,664.2	27,504.5	6.4	6.2	6.6
	Interest	4,820.2	4,871.7	5,641.1	1.2	1.2	1.4
	Current and capital transfers	21,033.6	21,350.0	19,093.5	5.1	5.2	4.6
	Social benefits	17,297.3	20,082.0	22,261.4	4.2	4.9	5.4
	Other expenditure	4,886.1	4,435.5	4,117.6	1.2	1.1	1.0
<b>3.</b>	<b>Net operating profit</b>	9,282.3	1,480.1	12,100.2	2.2	0.4	2.9

		2017	2018	2019	2017	2018	2019
		(Córdobas million)			(Percentage of GDP)		
<b>4.</b>	<b>Net acquisition of non-financial assets<sup>c</sup></b>	22,092.5	20,372.7	21,256.2	5.3	4.9	5.1
<b>5.</b>	<b>Cash surplus or benefit</b>	12,810.3	18,892.6	9,156.0	3.1	4.6	2.2
<b>6.</b>	<b>Total grants</b>	4,321.8	2,763.8	2,422.5	1.0	0.7	0.6
<b>7.</b>	<b>Cash surplus or benefit</b>	8,488.4	16,128.8	6,733.5	2.0	3.9	1.6
<b>8.</b>	<b>Financing</b>	8,488.4	16,128.8	6,733.5	2.0	3.9	1.6
	Internal, net	4,933.3	8,148.6	5,677.3	1.2	2.0	1.4
	Bank financing	6,744.7	9,073.1	3,851.7	1.6	2.2	0.9
	Non-bank financing	1,811.4	924.5	1,825.6	0.4	0.2	0.4
	External, net	13,421.7	7,980.2	12,410.8	3.2	1.9	3.0
	Privatization revenue	0.0	0.0	0.0	0.0	0.0	0.0
Memorandum:							
	Current saving	17,114.3	9,217.7	15,842.4	4.1	2.2	3.8

- a Methodology used in accordance with the Government Finance Statistics Manual (GFSM, analytical framework 2001) as of 2001.
- b Includes Central Government, INSS, ALMA, ENATREL, ENACAL, ENEL, EPN, EAAI, ENABAS and PETRONIC.
- c Includes revenue from ENATREL, ENACAL, ENEL, EPN, TELCOR, EAAI, ENABAS and PETRONIC services.

Source: MHCP, BCN, INSS, ALMA, TELCOR, ENATREL, ENACAL, ENEL, EPN, ENABAS, EAAI and PETRONIC.

**Table A1.8 Public debt balance, 2014-19**

(USD million)

	2014	2015	2016	2017	2018	2019
<b>Total debt balance</b>	<b>5,800.3</b>	<b>5,753.5</b>	<b>5,930.5</b>	<b>6,486.7</b>	<b>6,914.2</b>	<b>7,164.3</b>
<b>External debt balance</b>	4,796.0	4,804.4	5,042.1	5,546.1	5,949.6	6,278.7
Central Government	2,848.3	3,128.9	3,408.5	3,931.4	4,161.8	4,533.5
Rest of non-financial public sector	65.5	60.8	57.3	57.3	53.2	48.7
Central Bank	1,882.2	1,614.7	1,576.3	1,557.4	1,734.6	1,696.5
Rest of financial public sector	0.0	0.0	0.0	0.0	0.0	0.0
<b>Domestic debt balance</b>	1,004.3	949.1	888.4	940.6	964.6	885.6
Central Government	714.7	672.3	660.0	655.8	634.3	649.8
Central Bank	289.6	276.8	228.4	284.9	330.3	235.8

Source: Central Bank of Nicaragua.

**Table A1.9 Public debt balance as a percentage of GDP, 2014-19**

	2014	2015	2016	2017	2018	2019
<b>Total debt balance</b>	<b>48.8</b>	<b>45.1</b>	<b>44.6</b>	<b>47.1</b>	<b>52.9</b>	<b>57.2</b>
<b>External debt balance</b>	40.4	37.7	38.0	40.2	45.5	50.1
<b>Domestic debt balance</b>	8.5	7.4	6.7	6.8	7.4	7.1

Source: BCN.

**Table A1.10 F.o.b. exports of 10 principal products, 2012-19**

(USD million)

Product	2012	2013	2014	2015	2016	2017	2018	2019
<b>TOTAL</b>	<b>4,550.6</b>	<b>4,594.1</b>	<b>4,973.5</b>	<b>4,667.4</b>	<b>4,592.0</b>	<b>4,925.6</b>	<b>5,013.9</b>	<b>5,272.6</b>
<b>Total 10 principal products</b>	<b>3,525.0</b>	<b>3,595.2</b>	<b>3,806.1</b>	<b>3,572.0</b>	<b>3,637.8</b>	<b>3,879.9</b>	<b>3,889.7</b>	<b>4,176.6</b>
Articles of apparel and clothing accessories, knitted or crocheted	489.9	621.4	759.3	756.7	786.7	819.7	1,006.2	1,126.1
Bovine meat	451.4	383.8	448.0	454.3	420.4	507.7	481.0	522.5

Product	2012	2013	2014	2015	2016	2017	2018	2019
Wire, cable and other electric conductors	451.0	572.8	562.1	567.6	656.7	587.4	531.0	509.0
Gold, unwrought	432.0	436.6	387.0	313.7	357.9	328.4	370.9	499.0
Green coffee	521.8	349.5	395.5	392.3	402.3	510.0	417.9	458.1
Articles apparel and clothing accessories, not knitted or crocheted	640.5	653.1	609.0	523.9	486.1	477.1	411.2	375.6
Cigars and cigarillos	125.8	139.0	145.1	156.2	175.1	203.6	225.4	221.6
Cane sugar	194.9	176.7	207.5	153.1	113.9	183.0	178.5	184.7
Farmed shrimp	122.9	167.6	196.4	140.9	124.5	145.7	151.9	156.4
Cheese	94.7	94.7	96.1	113.4	114.4	117.3	115.7	123.6

**Table A1.11 Exports of fishery and aquaculture products, 2012-19**

(USD million)

Year	SHRIMP			TOTAL BY RESOURCE					
	Farmed	Marine	Total	SHRIMP	LOBSTER	FINFISH	OTHER	TUNA	TOTAL
2012	117.95	6.39	<b>124.34</b>	124.34	47.67	25.13	13.10	26.67	236.91
2013	173.05	4.34	<b>177.39</b>	177.39	48.48	26.63	19.60	26.84	298.94
2014	188.36	5.73	<b>194.08</b>	194.08	57.13	33.93	22.04	25.75	332.94
2015	135.90	5.14	<b>141.04</b>	141.04	72.43	29.45	26.52	14.05	283.50
2016	125.14	5.66	<b>130.80</b>	130.80	65.05	24.50	27.71	23.02	271.07
2017	145.73	5.02	<b>150.75</b>	150.75	65.09	29.38	35.95	37.06	318.22
2018	152.06	6.99	<b>159.05</b>	159.05	57.42	33.48	44.92	28.84	323.71
2019	153.67	2.26	<b>155.93</b>	155.93	67.84	30.65	30.05	28.83	313.29

Source: INPESCA fishery and aquaculture annual reports.

**Table A1.12 Exploited energy potential**

GENERATION TYPE	POTENTIAL (MW)	EFFECTIVE INSTALLED CAPACITY (MW)	PERCENTAGE EXPLOITED (%)
HYDROELECTRIC	2,000	146.80	7.34%
GEOHERMAL	1,500	91.64	6.11%
WIND	800	169.80	21.23%
BIOMASS	200	199.00	99.50%
<b>SOLAR</b>	<b>500</b>	<b>15.40</b>	<b>3.08%</b>
<b>TOTAL</b>	<b>5,000</b>	<b>622.64</b>	<b>12.45%</b>

Source: Nicaraguan Energy Institute and studies conducted by IECO-LAHMAYER, CNE and Swera. Ministry of Energy and Mining (MEM), December 2019.

**Table A1.13 Generation projects entering into operation in 2020-24**

Project	Generation type	Capacity (MW)	Investment (USD million)		Entry into operation
			Total	Unit	
<b>1. Projects with a generation licence</b>					
El Veleró <sup>a</sup>	Solar	12.0	18.0	1.5	2021
Eólico 1	Wind	24.0	33.44	1.39	2023
La Mora <sup>a</sup>	Hydroelectric	1.9	3.26	1.72	2021
<b>Subtotal</b>		<b>37.9</b>	<b>54.70</b>	<b>4.61</b>	
<b>2. Projects with a provisional licence that are under consideration<sup>a</sup></b>					
NG-300MW Ciclo simple	Thermal based on natural gas	300	541.8	1.81	2021
Solar 2	Solar	50.0	60.0	1.2	2021
Solar 3	Solar	50.0	60.0	1.2	2022
Solar 4	Solar	50.0	60.0	1.2	2023
Solar 5	Solar	50.0	60.0	1.2	2024
<b>Subtotal</b>		<b>500.0</b>	<b>781.80</b>	<b>6.61</b>	

a Under construction.

Source: Ministry of Energy and Mining (MEM), November 2020.