NICARAGUA
OVERVIEW
2021
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1. GENERAL INFORMATION
COUNTRY PROFILE

Territorial extension
130,373 km²

Population
6.5 million

Standard time zone
UTC/GMT -6 horas

Official language
Spanish

Currency
Cordoba (C$)

Official exchange rate*
C$35.17 = US$1.00

Source: BCN. (*Average 2021.)
MACROECONOMIC DATA

- GDP: US$12.62 billion (-2% growth)
- Exports: US$5.3 billion
- GDP per capita: US$1,913.6
- FDI inflows: US$481.7 million
- Gross international reserves: US$3.2 billion
- Inflation: 2.93%
- Currency devaluation: 2% vs. US dollar annually

Source: BCN (2020).
#1 IN CENTRAL AMERICA

- Lowest homicide rate
- Lowest organized crime rate
- Lower export management costs
- High-quality road network
- Lowest economic growth rates over the last 7 years
- Less time to open a business

Highest economic growth rates over the last 7 years
## ECONOMIC GROWTH

### Nicaragua GDP (US$ billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>GDP (US$ billions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2020</td>
<td>12.6</td>
</tr>
<tr>
<td>2019</td>
<td>12.6</td>
</tr>
<tr>
<td>2018</td>
<td>13.1</td>
</tr>
<tr>
<td>2017</td>
<td>13.8</td>
</tr>
<tr>
<td>2016</td>
<td>13.3</td>
</tr>
<tr>
<td>2015</td>
<td>12.8</td>
</tr>
<tr>
<td>2014</td>
<td>11.9</td>
</tr>
<tr>
<td>2013</td>
<td>11.0</td>
</tr>
<tr>
<td>2012</td>
<td>10.5</td>
</tr>
<tr>
<td>2011</td>
<td>9.8</td>
</tr>
<tr>
<td>2010</td>
<td>8.8</td>
</tr>
</tbody>
</table>

Source: BCN and Projections CEPAL.
TOURISM

494 k tourists

US$199 million in revenues (1.6% GDP)

Source: BCN (2020).

Source: INTUR (2019).
TRADE AGREEMENTS

Access to over +1.5 billion people in 45 countries

Source: MIFIC.
MOST EXPORTED PRODUCTS

- **26.9%** textiles and apparel
- **12.5%** gold
- **10.2%** beef
- **8.6%** coffee
- **7.4%** automotive harnesses
- **5.4%** cigars and tobacco
- **2.7%** dairy products
- **2.7%** sugar
- **2.4%** fish and shellfish
- **1.7%** peanut

Source: BCN y CNZF (2020).
2. FOREIGN DIRECT INVESTMENT
FDI INFLOWS

Source: BCN, MIFIC and PRONicaragua.

<table>
<thead>
<tr>
<th>Year</th>
<th>IED (US$ billions)</th>
<th>% of GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.11</td>
<td>10.5%</td>
</tr>
<tr>
<td>2013</td>
<td>1.37</td>
<td>12.5%</td>
</tr>
<tr>
<td>2014</td>
<td>1.59</td>
<td>13.4%</td>
</tr>
<tr>
<td>2015</td>
<td>1.30</td>
<td>10.2%</td>
</tr>
<tr>
<td>2016</td>
<td>1.54</td>
<td>11.6%</td>
</tr>
<tr>
<td>2017</td>
<td>1.67</td>
<td>12.1%</td>
</tr>
<tr>
<td>2018</td>
<td>1.19</td>
<td>9.1%</td>
</tr>
<tr>
<td>2019</td>
<td>0.81</td>
<td>6.5%</td>
</tr>
<tr>
<td>2020</td>
<td>0.48</td>
<td>3.8%</td>
</tr>
</tbody>
</table>
SOURCE COUNTRIES AND INVESTMENT SECTORS IN 2019

- **USA:** 33.3%
- **Canadá:** 17.1%
- **Panamá:** 16.2%
- **México:** 13.3%
- **Resto del mundo:** 5.1%
- **España:** 4.8%
- **Suiza:** 3.4%
- **Costa Rica:** 3.4%
- **Luxemburgo:** 1.9%
- **Alemania:** 0.7%

**Sectoral Distribution:**

- **Mining:** 21.3%
- **Industry:** 18.7%
- **Trade and services:** 13.3%
- **Telecommunications:** 12.7%
- **Financial:** 7.9%

**Source:** BCN, MIFIC and PRONICaragua 2019
INVESTMENT INCENTIVES

- **Foreign Investment Promotion Law** (Law 344)
- **Industrial Free Trade Zone Incentives Law** (Law 917)
- **Temporary Admissions Law** (Law 382)
- **Tax Coalition Law** (Law 822)
- **Law to Promote Electricity Generation** from Renewable Sources (Law 532)
- **Special Law on Exploration and Exploitation of Mines** (Law 387)
- **Tourism Industry Incentives Law** (Law 306)
- **Pensioners and Retirees Law** (Decree 628)
FOREIGN INVESTMENT FACILITATION

- **Free currency convertibility**
- **Freedom to repatriate capital and profits**
- **100% foreign investment capital**

- **Equal treatment** for national and foreign investors
- **Full protection** of property rights
- **Fixed currency devaluation** against the US$

*Source: Foreign Investment Promotion Law*
INVESTMENT INCENTIVES

Temporary Admissions Law
*(Law 382)*

**REQUIREMENT:**
Export at least 25% of total sales, for a value of no less than US$50,000

**EXEMPTION (PROPORTIONAL):**
Import taxes

Industrial Free Trade Zone Incentives Law
*(Law 917)*

**REQUIREMENT:**
- Export 100% of total sales

**EXEMPTION (100%):**
- Income Tax (IR) *
- Import taxes
- Municipal taxes
- Value Added Tax (VAT)
- Capital gains
- Property tax

*Valid for 10 years, with the possibility of extending once.
3. LOGISTICS AND INFRASTRUCTURE
CONNECTIVITY

Source: Searates.
PORTS AND ROADS

24,768 km national road network

- **Central Region**: 52%
- **Pacific Region**: 33%
- **Caribbean Region**: 15%

Source: MTI (2019)
TELECOMMUNICATIONS COVERAGE

100% municipalities with 3G internet coverage

100% population with access to cellular phone services

42% 4G LTE mobile internet coverage

85% population with access to mobile internet

2.8 million smartphones countrywide

1.3 mobile phone lines per capita

Source: CANITEL.
ENERGY

98.5% of the national territory with electricity coverage

1,620 MW is the installed capacity

94% is the increase in the installed capacity from 2007 to 2020

Source: INE and MEM.
**FREE TRADE ZONES**

49 Industrial parks

+119,000 jobs

+1.8 million m² of industrial space in use

223 user companies

46% of the country’s total exports in 2020

Source: CNZF (2020).
4. HUMAN CAPITAL AND QUALITY OF LIFE
WORKFORCE

- **74%** of the population under 40 years of age
- **23 thousand** new professionals in 2019
- **4.1 million** people in the labor force 2020
- **723 thousand** formal employment (average 2020)
- **46.1%** underemployment 2020
- **4.8%** open unemployment 2020

Source: INIDE, PRONicaragua and INSS.
WAGE COMPETITIVENESS (US$ PER HOUR)

Note: Wages include fringe benefits.
SOCIAL DEVELOPMENT

57.1% of total Government expenditure in social investment

41.4% poverty alleviation since 2009 (currently at 24.9%)

52.7% extreme poverty alleviation since 2009 (currently at 6.9%)

Source: MHCP (2021) and INIDE (2017).
5. INVESTMENT OPPORTUNITIES
AGRIBUSINESS

- Tropical fruits
- Vegetables
- Roots and tubers
- Plants and flowers
- Forestry
- Agro exportation
INDUSTRY DATA

- Coffee trading in over 40 markets worldwide
- Main cigar exporter in Central America
- Largest producer of livestock and beef in Central America
- Acknowledged as fine and flavor cocoa producer by ICCO
- Fifth largest exporter of shellfish to Europe in Latin America (#1 in Central America)
LIGHT MANUFACTURING

Textiles & apparel
Footwear
Medical devices
Auto parts
INDUSTRY DATA

Main exporter of automotive harnesses in Central America (84.44.30)

Provider for brands such as FORD, GMC, BMW, VOLKSWAGEN, CHRYSLER

Main exporter of knitted fabrics in Central America (cotton)

Over 970,000 square meters of industrial space occupied by Free Trade Zone companies

47.3% of the country’s total exports in 2018
OUTSOURCING

- Business Process Outsourcing (BPO)
- Shared Services Centers (SSC)
- Knowledge Process Outsourcing (KPO)
INDUSTRY DATA

Real-time services to the United States

84% of the labor force offering services in English

An increasing number of destinations: United States, Costa Rica, Germany, Mexico, Netherlands, Canada, Argentina, Australia, United Kingdom

Competitive and stable salaries (the call center’s basic salary has been stable for the past three years - US$550)

Increasing process complexity (finance, accounting, digital marketing, SSC)
COMPANIES DOING BUSINESS

Investment opportunities
SERVICES

Official Investment Promotion Agency of Nicaragua

ASSESSMENT AND DECISION-MAKING
- Tailor-made information packages about the country
- Comparative analyses and cost models
- Arrangement upon request of visits in order to meet with key actors

ESTABLISHMENT
- Provide contacts of goods and service suppliers
- Support in finding real estate solutions

AFTER-CARE SERVICES
- Guidance in permit procedures
- Assistance in difficulties that require negotiations with State institutions