

# NICARAGUA OVERVIEW



2020



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and quality of  
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# 1. GENERAL INFORMATION





# COUNTRY PROFILE

## Territorial extension

130,373 km<sup>2</sup>

## Population

6.5million

## Standard time zone

UTC/GMT -6 horas

## Official language

Spanish

## Currency

Cordoba (C\$)

## Official exchange rate\*

C\$34.3 = US\$1.00



Source: BCN. (\*Average 2020).



# MACROECONOMIC DATA



## GDP

US\$12.52  
billion  
(-3.9% growth)



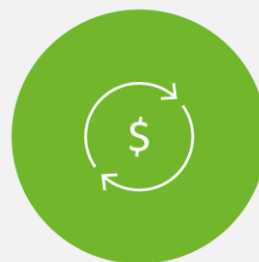
## GDP per capita

US\$1,940.09



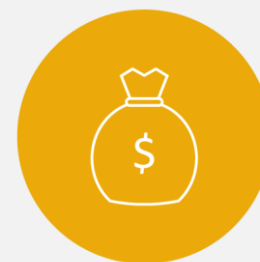
## Exports

US\$5.64 billion



## FDI inflows

US\$1.06 billion\*



## Gross international reserves

US\$2.4 billion



## Inflation

6.13%



## Currency devaluation

3% vs. US dollar  
annually





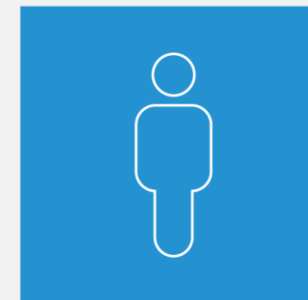
# #1 IN CENTRAL AMERICA

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Lower **export  
management  
costs**



Lowest  
**homicide  
rate**



**High-quality  
road** network



Lowest  
**organized  
crime** rate



Highest  
**economic  
growth rates**  
over the last  
7 years



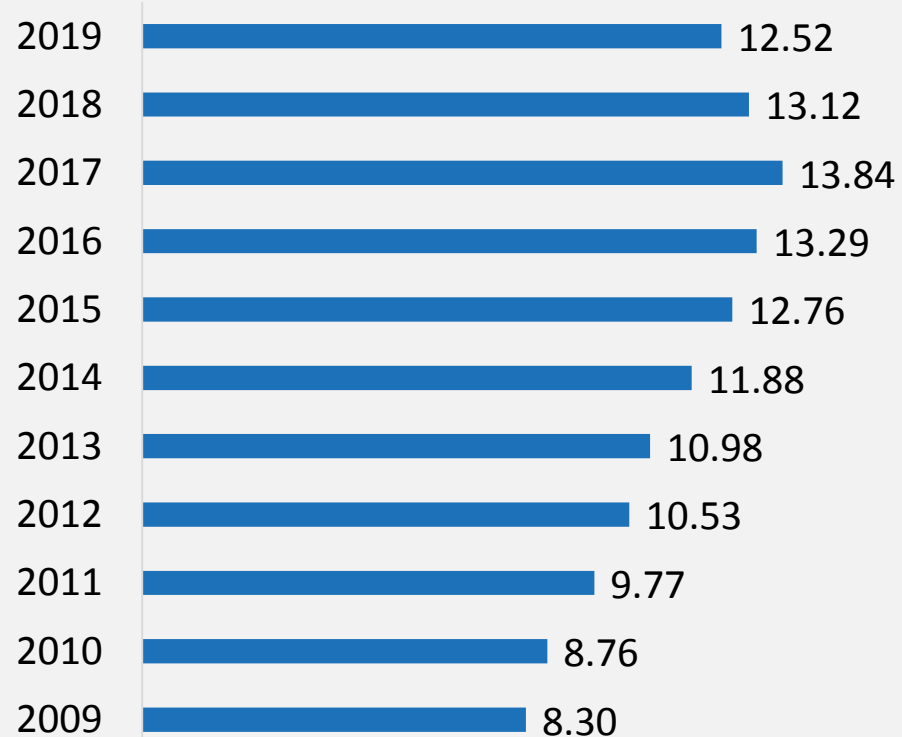
Less time to  
**open a  
business**



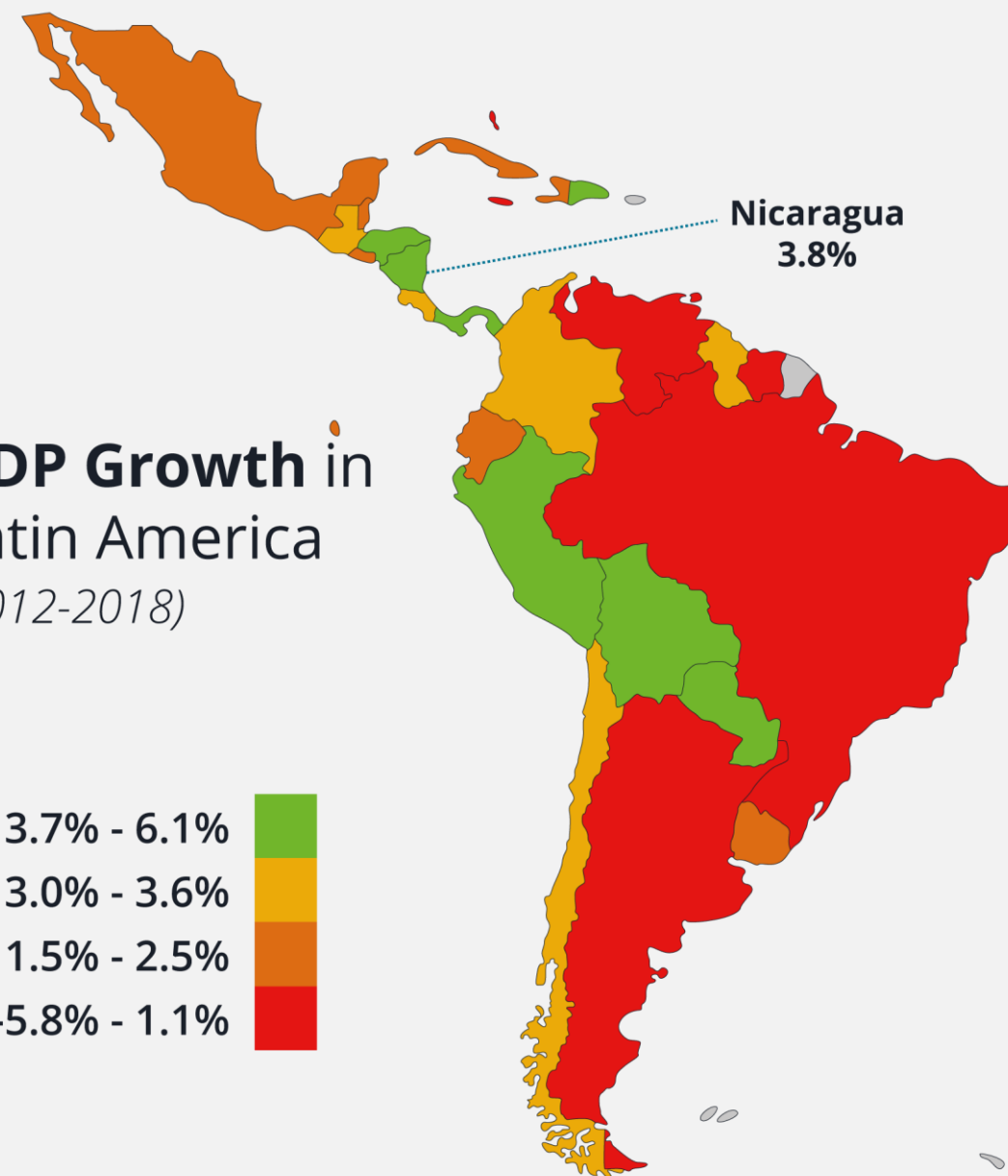
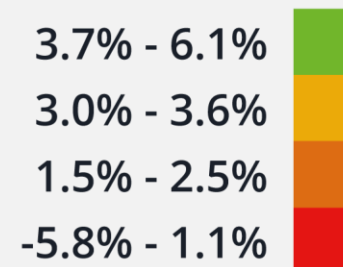


# ECONOMIC GROWTH

Nicaragua GDP (US\$ billions)



## GDP Growth in Latin America (2012-2018)





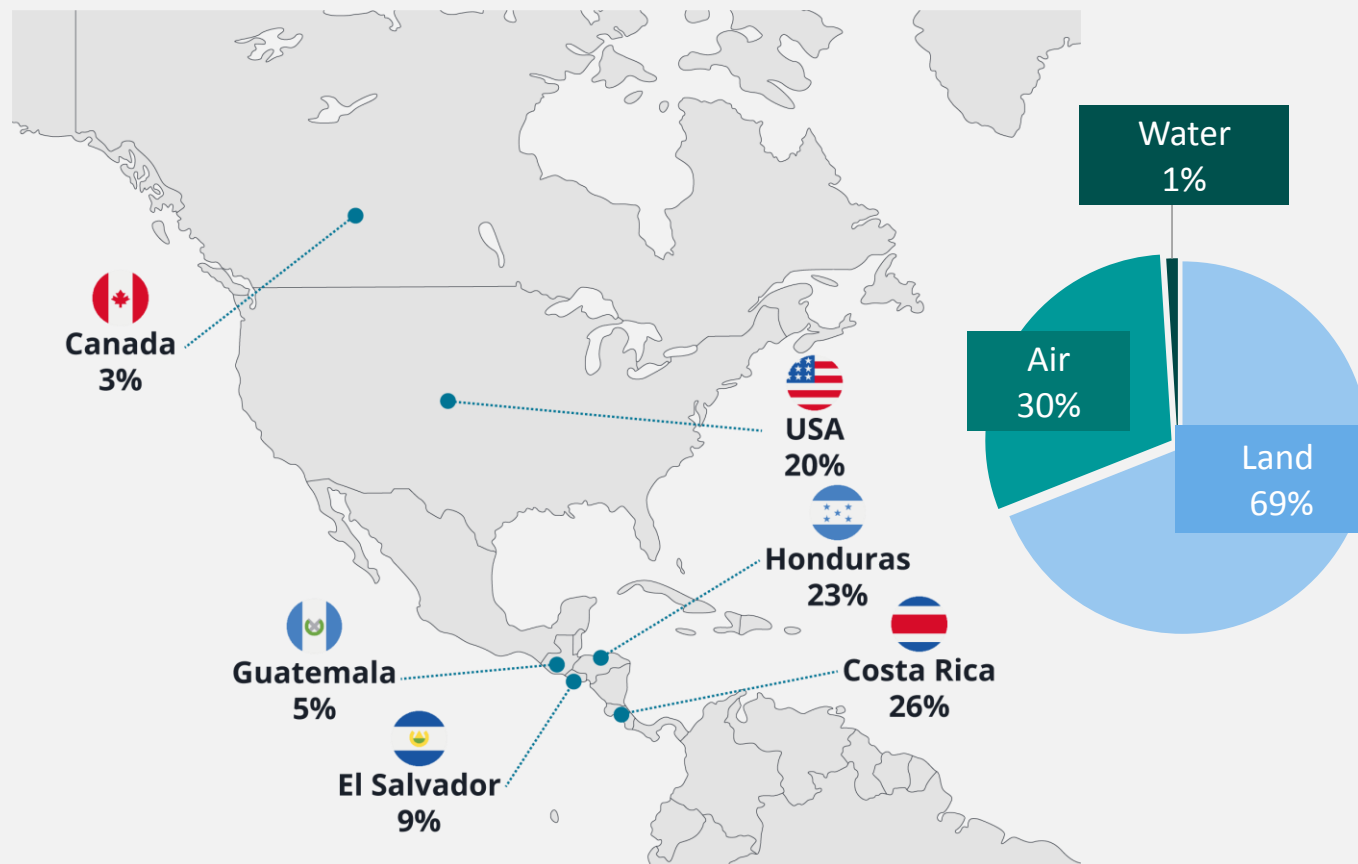
# TOURISM



**1.05 million**  
tourists



**US\$430 million**  
in revenues  
(3.4% GDP)

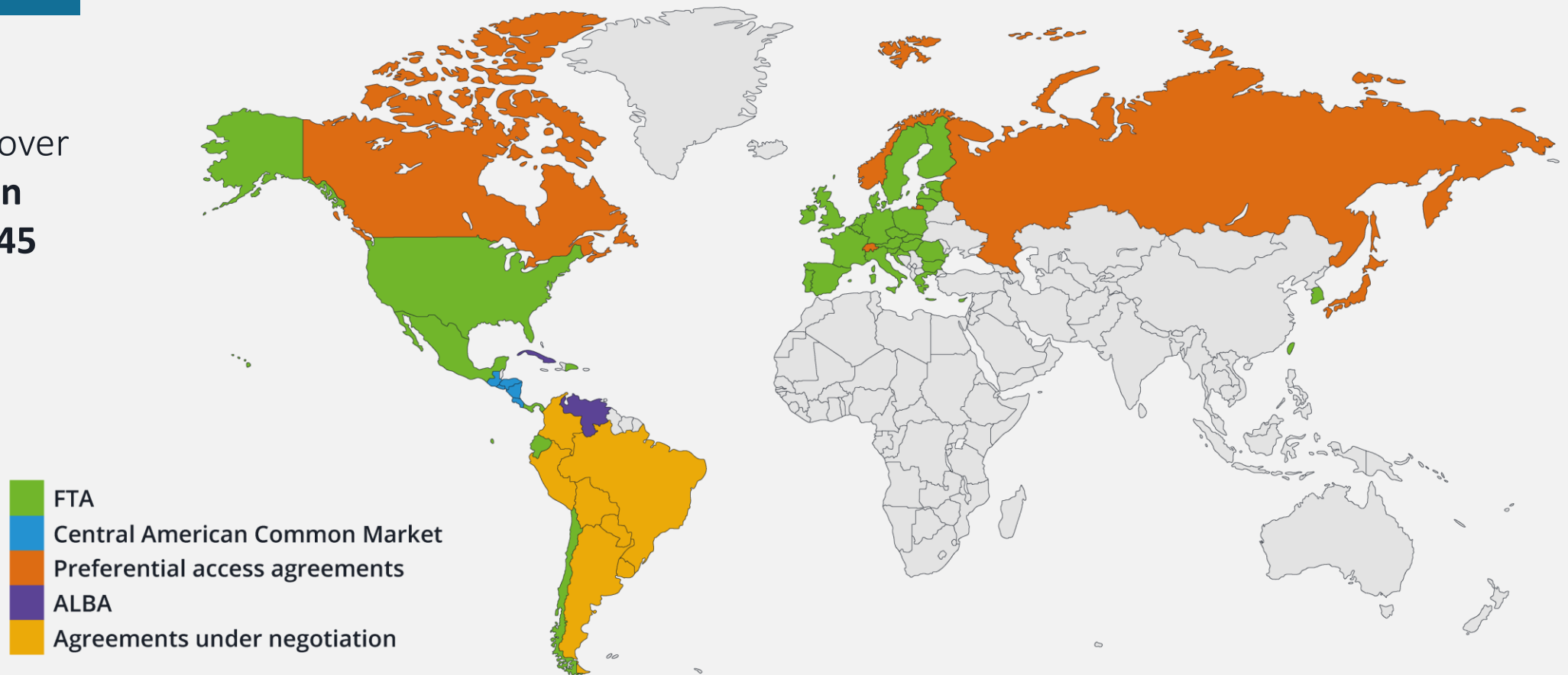






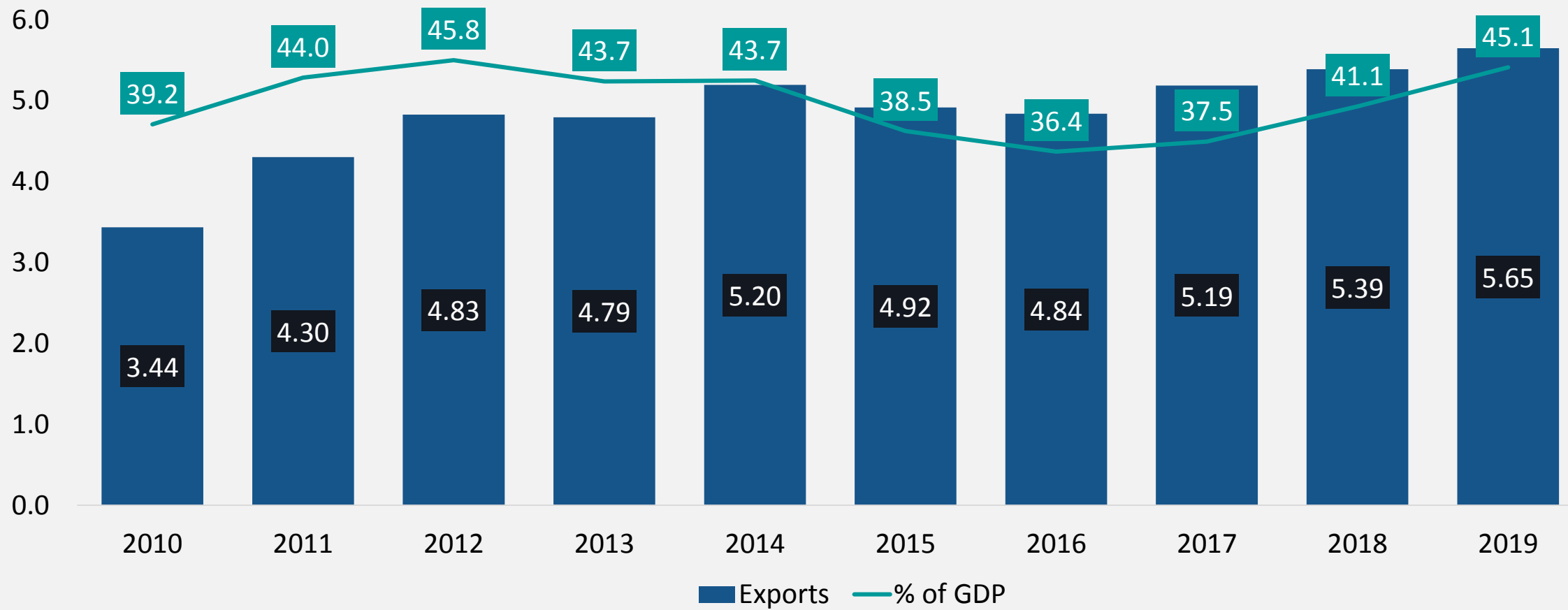
# TRADE AGREEMENTS

Access to over  
**+1.5 billion**  
people in **45**  
**countries**



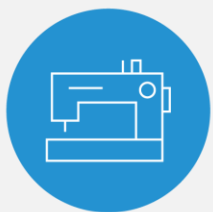


# EXPORTS





# MOST EXPORTED PRODUCTS



**28.5%**  
textiles and  
apparel



**9.9%**  
beef



**9.7%**  
automotive  
harnesses



**9.5%**  
gold



**8.7%**  
coffee



**5.1%**  
fish and  
shellfish



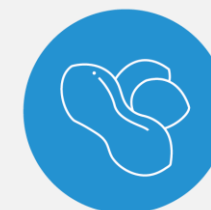
**4.2%**  
cigars and  
tobacco



**3.5%**  
sugar



**3.1%**  
dairy  
products



**2.1%**  
peanut



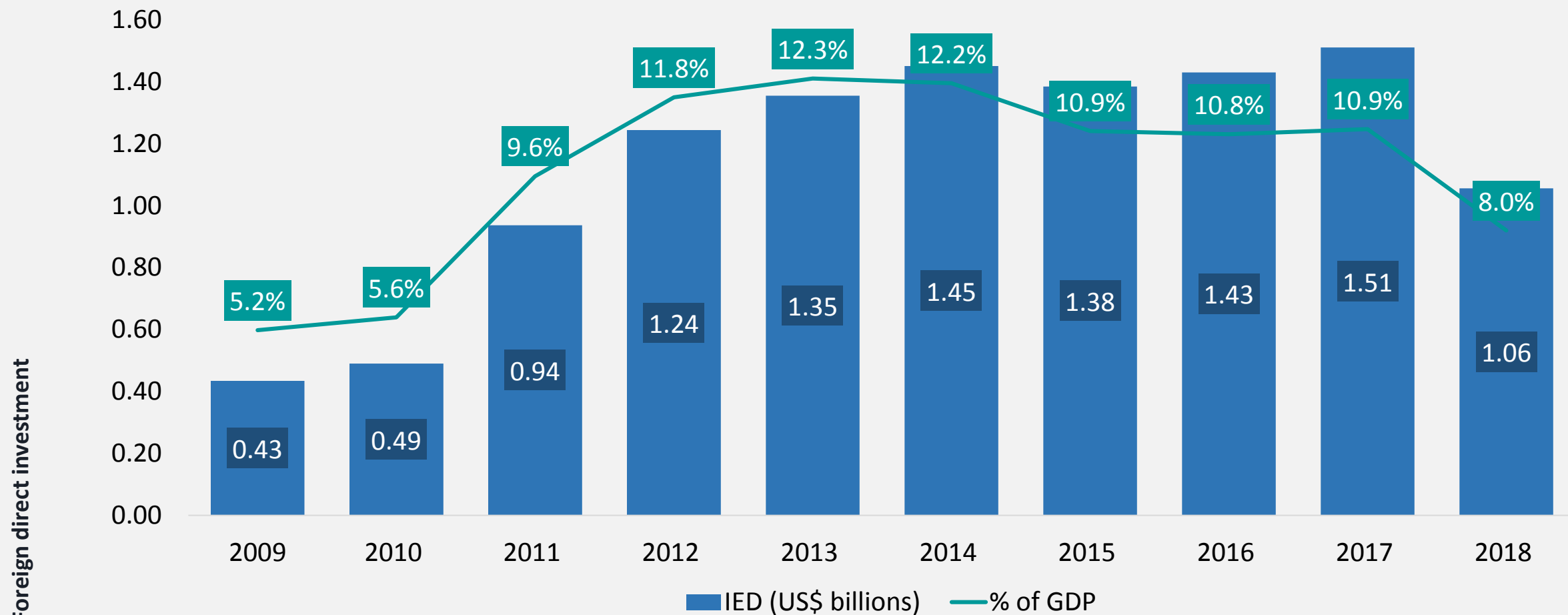


## 2. FOREIGN DIRECT **INVESTMENT**



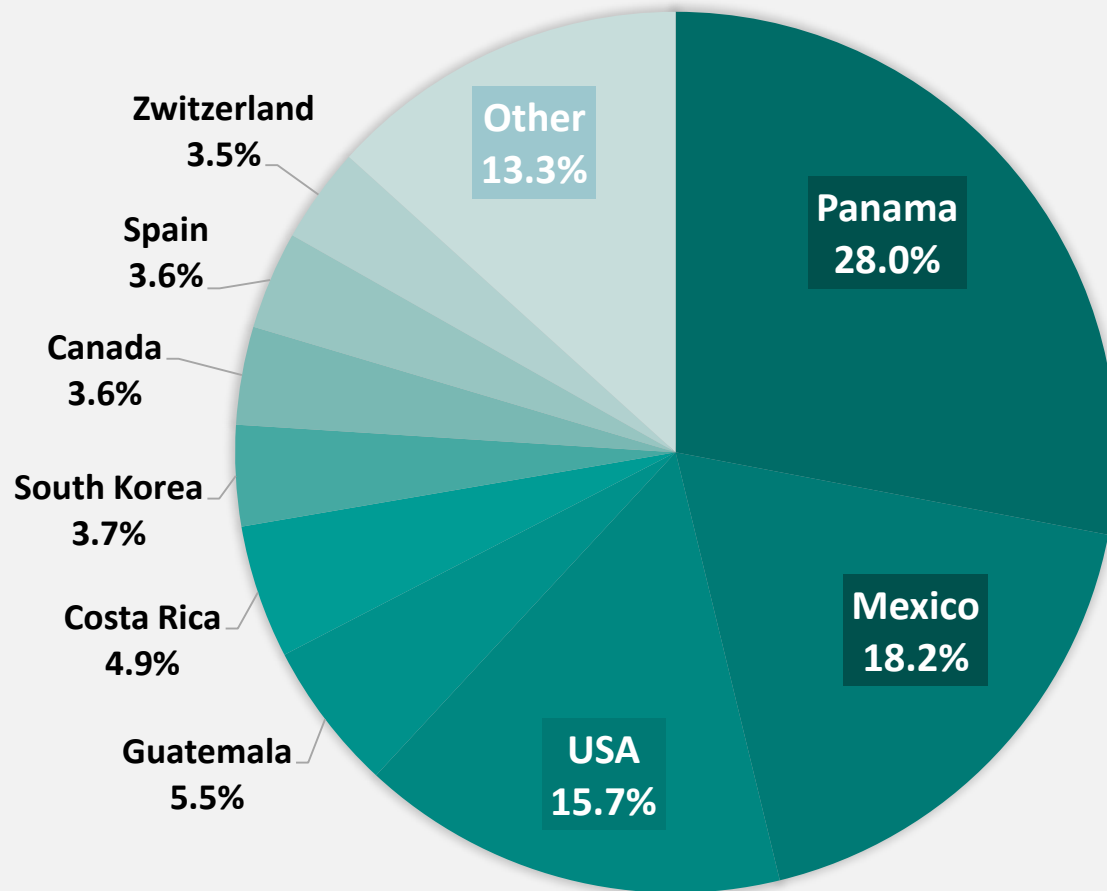


# FDI INFLOWS





# SOURCE COUNTRIES AND INVESTMENT SECTORS IN 2018



**39.2%**  
industry



**20.0%**  
financial



**20.0%**  
trade and services



**7.3%**  
telecommunications



**5.5%**  
mining

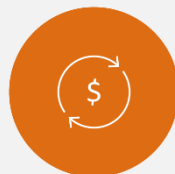


# INVESTMENT INCENTIVES

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## Foreign Investment

Promotion Law  
(Law 344)



Law to **Promote Electricity  
Generation** from Renewable  
Sources (Law 532)

## Industrial Free Trade Zone

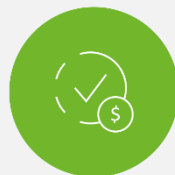
Incentives Law  
(Law 917)



Special Law on **Exploration  
and Exploitation  
of Mines** (Law 387)

## Temporary Admissions

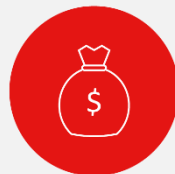
Law  
(Law 382)



**Tourism Industry  
Incentives** Law  
(Law 306)

## Tax Coalition

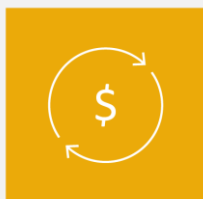
Law  
(Law 822)



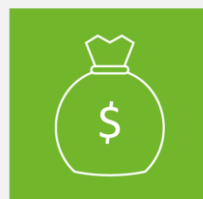
**Pensioners and Retirees** Law  
(Decree 628)

# FOREIGN INVESTMENT FACILITATION

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**Free** currency  
convertibility



**Freedom to  
repatriate** capital  
and profits



**100% foreign  
investment  
capital**

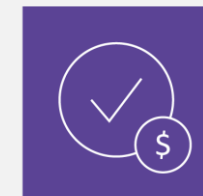
**Equal treatment**  
for national and  
foreign investors



**Full protection** of  
property rights

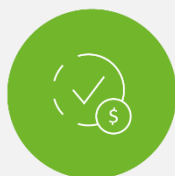


**Fixed currency**  
devaluation against  
the US\$





# 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.



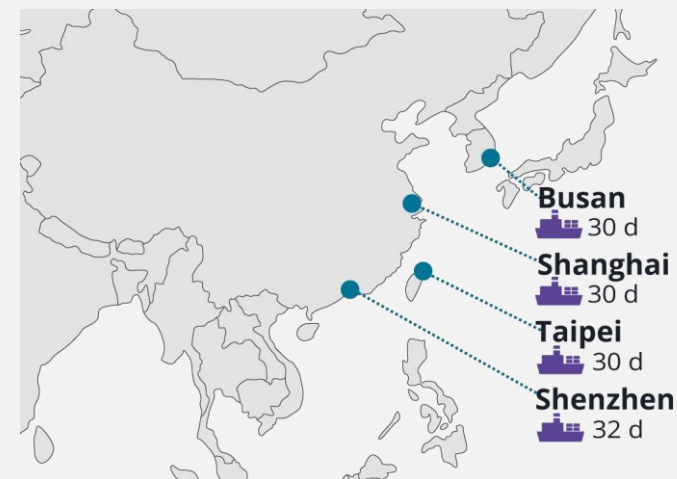
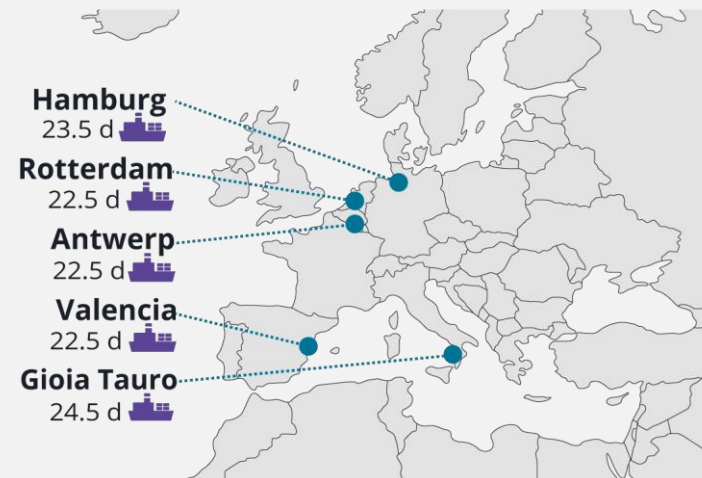
### 3. LOGISTICS AND INFRASTRUCTURE







# CONNECTIVITY

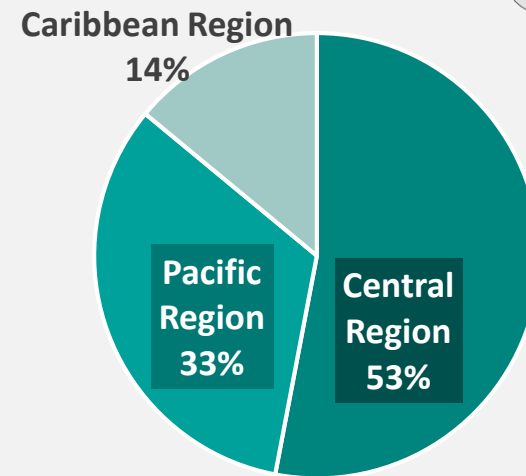









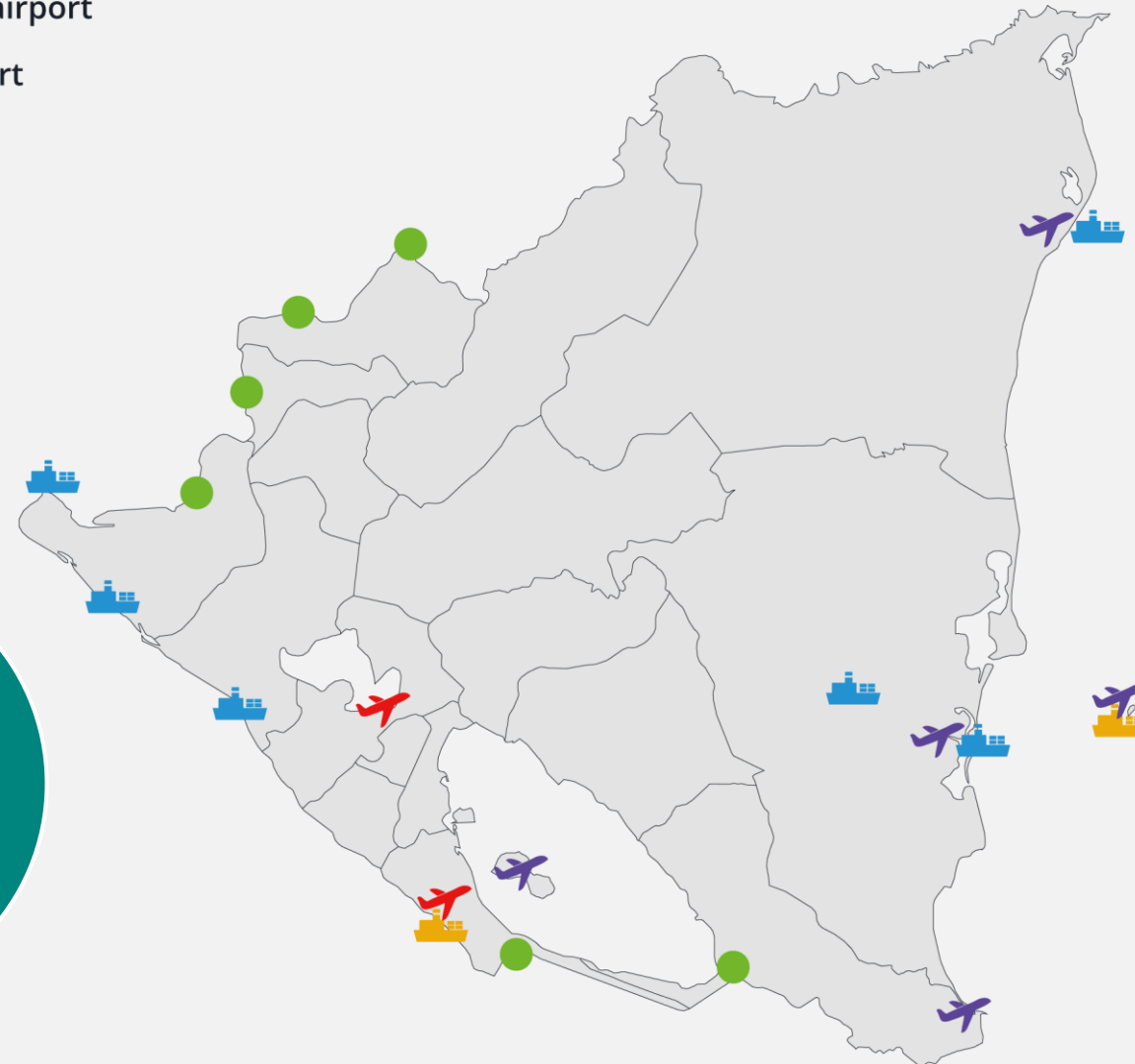
# PORTS AND ROADS



**24,763 km**  
national road  
network



-  International airport
-  National airport
-  Cargo port
-  Touristic port
-  Land port



# TELECOMMUNICATIONS COVERAGE



**100%**  
municipalities  
with 3G  
internet coverage



**100%**  
population with  
access to cellular  
phone services



**2.8 million**  
smartphones  
countrywide



**42%**  
4G LTE mobile  
internet coverage



**85%**  
population with  
access to  
mobile internet



**1.3**  
mobile phone lines  
per capita





# ENERGY

**95.9%**

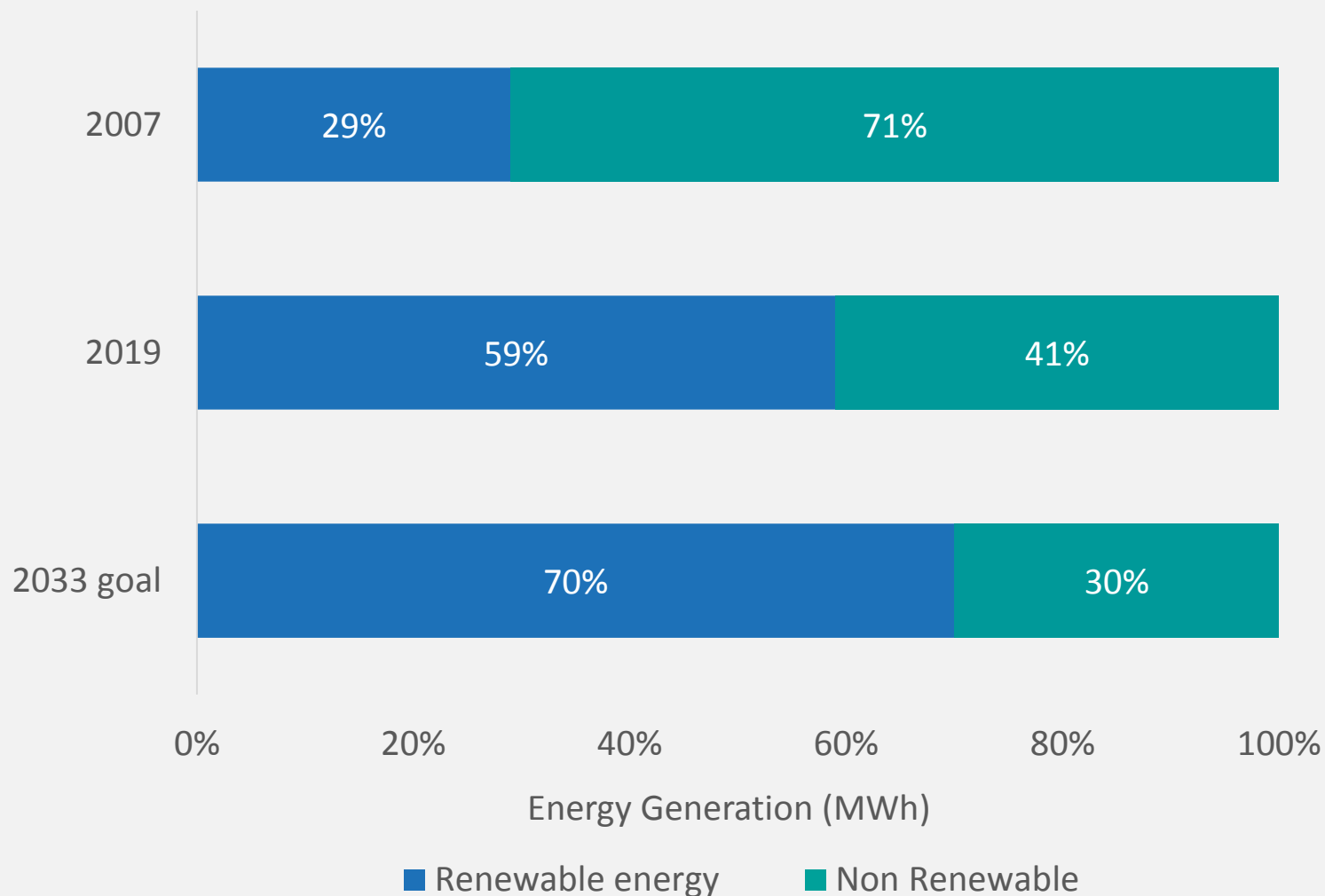
of the national territory with electricity coverage

**1,596 MW**

is the installed capacity

**95%**

is the increase in the installed capacity from 2007 to 2019





# FREE TRADE ZONES



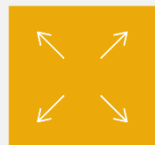
**52**  
Industrial parks



**+122,000**  
jobs



**187**  
user companies

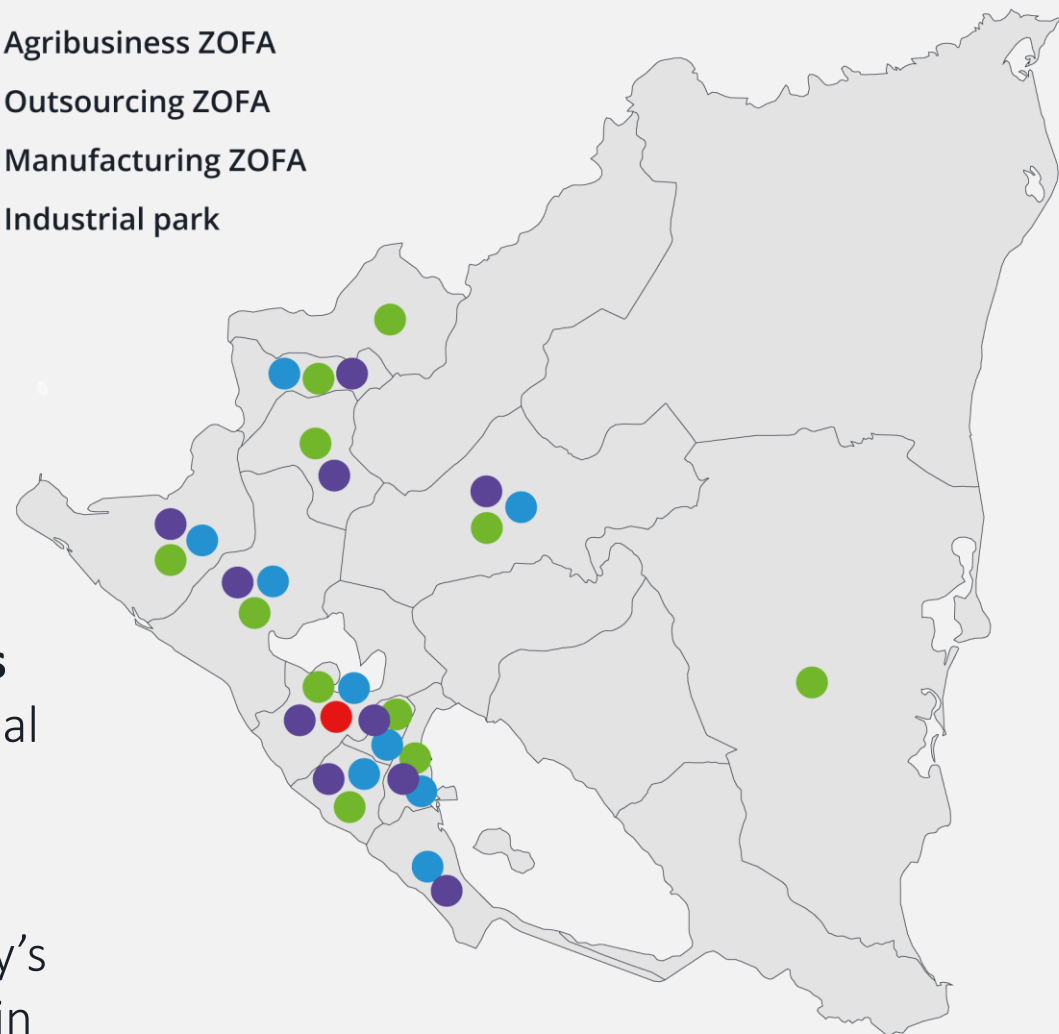


**+1.5 millones**  
m<sup>2</sup> of industrial  
space in use



**53%**  
of the country's  
total exports in  
2018

- Agribusiness ZOFA
- Outsourcing ZOFA
- Manufacturing ZOFA
- Industrial park







## 4. HUMAN CAPITAL AND QUALITY OF LIFE





# WORKFORCE

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**76.1%**  
of the  
population  
under 40 years  
of age



**3.2 million**  
people in the  
labor force  
2019



**756 thousand**  
formal  
employment  
(average 2019)



**35 thousand**  
new professionals  
in 2018

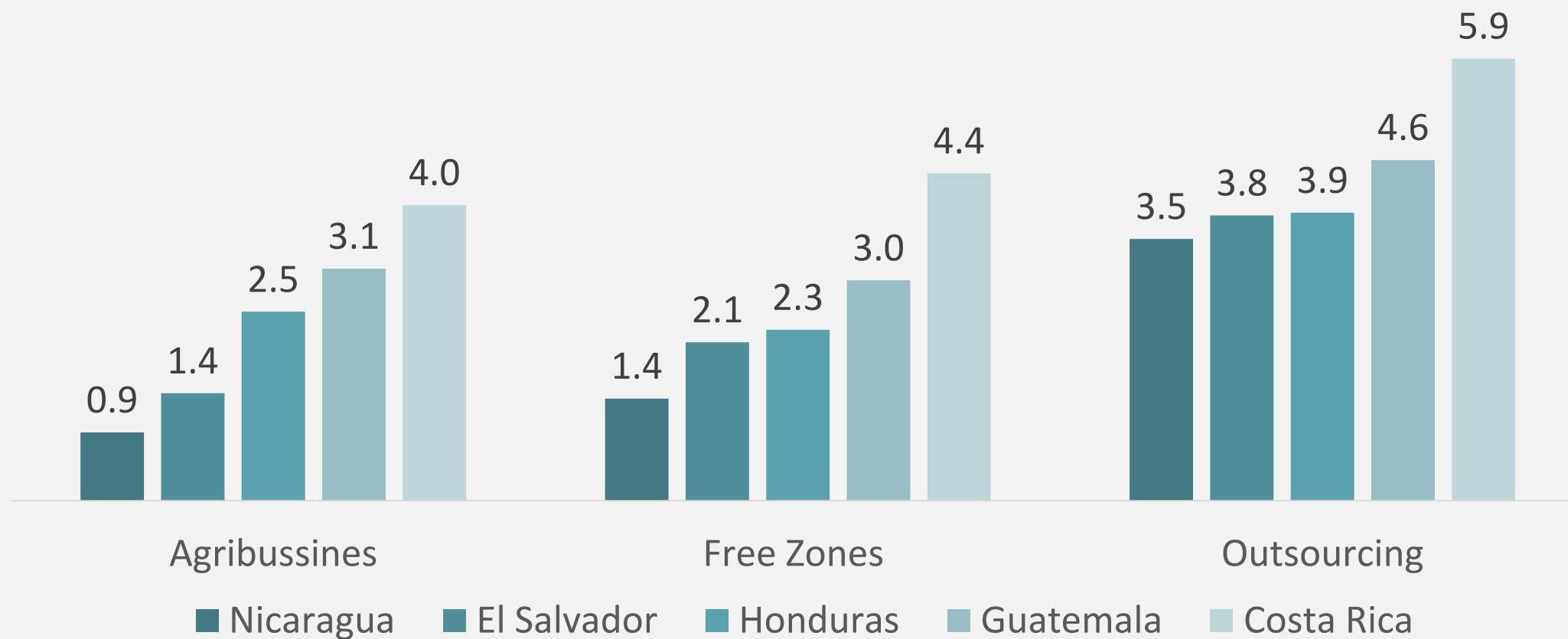


**46.9%**  
underemployment  
2018



**4.9%**  
open  
unemployment  
2018

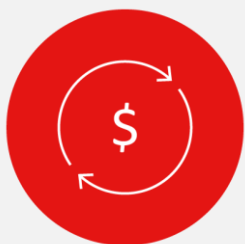
# WAGE COMPETITIVENESS (US\$ PER HOUR)





# SOCIAL DEVELOPMENT

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**56.2%**  
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%)





# 5. INVESTMENT OPPORTUNITIES







# AGRIBUSINESS



Tropical  
fruits



Vegetables



Roots and  
tubers



Plants  
and  
flowers



Forestry



Agro  
exportation





# INDUSTRY DATA

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**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



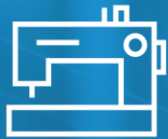
Fifth largest exporter of **shellfish** to Europe in Latin America (#1 in Central America)





# LIGHT MANUFACTURING

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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

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Business Process  
Outsourcing (BPO)



Shared Services  
Centers (SSC)



Knowledge Process  
Outsourcing (KPO)





# INDUSTRY DATA

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**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

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# SERVICES

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*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



# PRONicaragua

AGENCIA DE PROMOCIÓN DE INVERSIONES  
INVESTMENT PROMOTION AGENCY



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