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Nicaragua

Retail Food Sector

Nicaraguan Retail Food Sector

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Report Highlights:

Nicaragua's market as a whole is small but has growth potential. This report describes the dynamic retail food sector and the import channels used in this area.

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
Managua [NU1]
[NU]

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I. MARKET SUMMARY

- Parmalat is the only producer of pasteurized milk in Nicaragua.
- Compañía Licorera de Nicaragua is the only producer of rum. It produces a large variety of rums. The *Flor de Caña* brand offers eight different types, while the *Ron Plata* brand offers three.
- Compañía Cervecera de Nicaragua is the only producer of beer. Currently, they produce four brands of beer: Toña, Victoria, Victoria Light, and Premium. Victoria and Premium have won international awards for quality. Compañía Cervecera also imports Heineken and Budweiser. The company expanded into bottled water production and currently holds the biggest market share.
- There are oligopolies present in the sugar production, rice milling and distribution industries.
- There are price controls on domestically produced soft drinks and sugar.
- Nicaragua levies a sales tax of 15 percent (value-added tax).
- Most import taxes range from five percent to 15 percent, with a few exceptions of higher taxes.
- Excise taxes on soft drinks and alcoholic beverages are 17.5 percent to 43 percent, respectively. These are expected to decrease in time.
- Presidential Decree 51/2001 partially reversed a series of import tax reductions, re-establishing a 15 percent ceiling for regular import duties on some products while eliminating a five percent duty on imported capital and intermediates goods.
- Import duties are collected on CIF value.
- Rice, sugar, chicken parts, milk products, and other agricultural goods have a 15 percent import duty.
- Most final consumption goods are only subject to import duties of 10 percent.
- Under World Trade Organization rules, import duties may not exceed 40 percent by 2004.
- A five to 10 percent temporary protection tariff was eliminated in July 2001.
- Nicaragua is a member of the System of Central American Integration ("SICA").
- Goods produced by SICA members are imported duty-free (with some exceptions).
- SICA members have signed free trade framework agreements with the Dominican Republic (1998), Chile (1999) and Panama (2001).
- Nicaragua signed a bilateral treaty with the Dominican Republic (effective November 2000), and with Chile in late 2000.
- There is a free-trade agreement with Mexico (effective July 1999).
- Beginning 2001, Nicaragua joined negotiations for the Free-Trade Area of the Americas and agreed with 33 other nations to conclude negotiations by 2005.
- Since May 2000, Nicaragua became a beneficiary of the Caribbean Basin Initiative.
- Nicaragua is a beneficiary of Canada's Generalized System of Preferences.
- Nicaragua's market as a whole is fairly small.
- Nicaragua's market has growth potential.
- Nicaragua is going to be favored by the CAFTA agreement between the United States and the Central American countries.

A. MARKET TRENDS

The following table provides a brief summary of the sector strengths and weaknesses, market opportunities and competitive threats.

Advantages	Challenges
Nicaraguans view U.S. products as safe and of high quality.	There is a constant weakening of the local currency.
A large number of Nicaraguans have lived or have relatives in the U.S. and have developed a taste for American products.	Many U.S. products (snacks, beer and liquor) are easily substituted with cheaper domestic or Central American products.
Franchises of ready-to-eat products have expanded (Pizza Hut, Dominos, McDonalds, Burger King).	Nicaraguans would like to own more franchises, however, interest rates on bank loans are high and other sources of capital are hard to find.
Seafood sales have increased in the last decade.	Nicaraguans prefer fresh seafood. The imported frozen seafood sector is still developing.
The retail industry has experienced growth despite the country's economy.	Lack of roads makes distribution difficult.
There are several successful U.S. fast food and casual dining restaurants.	There are specific labeling requirements.
There is a growing middle and high class.	Although many consumers can afford U.S. quality products, most of the population is poor and select their products solely on price.

B. HOUSEHOLD FOOD EXPENDITURES

Note: This section is a translated excerpt from the survey "Encuesta Nacional Sobre Medicion del Nivel de Vida" (National Survey Measuring Life Levels) made by the National Institute of Statistics and Census.

Consumption at home

Consumption patterns reveal the relative importance of diverse goods and services on the average spending carried out by households (Table 1).

- **Food consumption** represents the largest household expense, accounting for 54.2 percent of total spending. *(At the country level this means that on average, for each C\$100 spent, households dedicate C\$54.20 to food)*
- **Housing and basic services** represent the second largest household expense with 18.2 percent of total spending.
- Other Items¹ account for 17.7 percent.
- Health and Education account for 5.5 and 4.5 percent, respectively.

¹ Includes expenses on transport, dress and footwear, goods and services for the personal care, equipment of the home, and transfers to other homes.

The percentage of total household expenditure dedicated to food is in inverse relationship to the level of household spending: poorer homes spend a bigger proportion of their income on food. Consequently, when comparing residence areas, rural areas spend the largest portion of total expenditure in food (60.3 percent), while spending only 15.2 percent in housing, 3.2 percent in education and 15.8 in other activities. This seemingly affects the conditions of the residents of these areas, who mostly seek free services or more economic alternatives.

The capital city of Managua shows the same consumption patterns as the rest of the country. Food spending represents a lower percentage (47.3 percent) while housing and other expenditures are higher than in the other regions. This is explained by the accessibility that homes in Managua have to basic services, which suggest better lifestyle conditions.

In the Pacific, Central and Atlantic regions, more than 50 percent of total household expenditure is dedicated to food, therefore limiting the amount of income they have available for other necessities. In the rural areas of the Central and Atlantic regions, this problem is present in greater proportions (where 61.6 percent of total expenses is dedicated to food purchases).

Another form of analyzing household expenditure patterns on food is through the distribution of consumption on a percentage basis. This represents the magnitude that each group of goods and services has on the population's total consumption. This measure is traditionally used to elaborate a nation's consumer price index. As seen on table 2, consumption groups maintain the same consumption patterns displayed in table 1, although there are some percentage points in difference.

Table 1
Consumption Patterns
(Percentage, by main groups and area of residence)

Area of Residence and Region	Total	Food	Household	Health	Education	Other
The Republic	100	54.2	18.2	5.5	4.5	17.7
Urban	100	49.8	20.3	5.4	5.5	19
Rural	100	60.3	15.2	5.6	3.2	15.8
Managua	100	47.3	21.9	4.6	5.6	20.7
Pacific Urban	100	52	18.7	5.6	5.8	17.9
Pacific Rural	100	58.6	14.8	5.6	4.1	16.8
Central Urban	100	51.4	19.1	6.8	5.1	17.6
Central Rural	100	61.6	15.6	5.1	2.9	14.8
Atlantic Urban	100	52.9	19.1	6.2	4.0	17.9
Atlantic Rural	100	61.6	14.6	6.4	2.1	15.4

Total Annual Consumption Per Capita

Food: Food & Beverage. Household: Use of the house and basic services.

Other: clothing, personal care, equipment, transfers of money, others

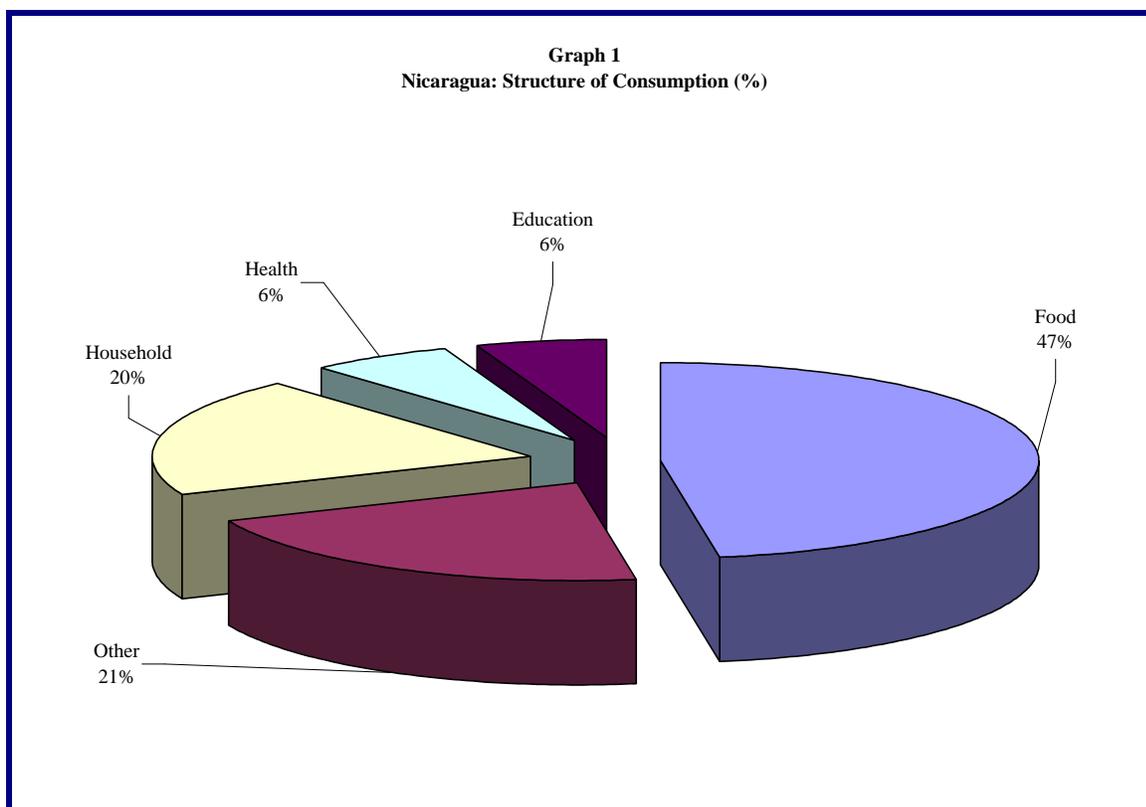


Table 2
Consumption Distribution
(Percentage, by main groups and area of residence)

Area of Residence and Region	Total	Food	Household	Health	Education	Other
The Republic	100	47.6	19.7	6.2	5.5	21.0
Urban	100	43.8	21.9	5.9	6.2	22.2
Rural	100	58.1	13.6	7.0	3.7	17.6
Managua	100	40.3	24.8	5.0	6.3	23.7
Pacific	100	51.4	16.5	6.6	5.9	19.6
Central	100	52.9	16.4	7.0	4.7	19
Atlantic	100	53.4	16.3	8.1	3.4	18.7

Total Annual Consumption Per Capita

Food: Food & Beverage. Household: Use of the house and basic services.

Other: clothing, personal care, equipment, transfers of money, others

Table 3
Monthly Spending Structure: Food & Beverages; 1998 & 2001
(Percentage, by sub-group of products and area of residence)

Type of Product	Monthly Expense 1998			Monthly Expense 2001		
	The Republic	Urban	Rural	The Republic	Urban	Rural
Total	100	100 (71.1)	100 (28.9)	100	100 (75.7)	100 (24.3)
Cereals	6.0	6.4	5.2	5.9	6.3	4.7
Bread &						
Cookies	6.8	7.2	5.7	6.3	6.4	6.2
Rice	10.7	9.2	14.4	9.4	7.9	14
Meat & by-products	14.9	16.5	11.0	16.7	18.4	11.5
Fish & Seafood	1.2	1.5	0.5	1.2	1.4	0.8
Dairy	10.7	12.0	7.5	13	13.7	10.7
Eggs	2.5	2.8	1.8	2.6	2.8	1.9
Oils & Fats	4.7	4.0	6.5	3.9	3.3	5.8
Vegetables	9.8	10.2	8.7	10.6	10.9	9.6
Fruits	2.4	2.9	1.3	2.4	2.9	1.0
Grains	9.0	6.2	15.9	6.6	4.7	12.8
Sugar & Sweets	6.3	5.3	8.6	6.1	5.1	8.9
Salt &						
Condiments	1.1	1.0	1.4	0.9	0.8	1.3
Sauces	1.0	1.2	0.5	1.0	1.1	0.5
Juices & Sodas	2.7	3.1	1.6	4.0	4.5	2.4
Liquor & Beer	1.0	1.0	0.9	1.3	1.4	1.0
Prepared Meals	2.6	3.2	1.2	4.2	4.9	2.1
Other Meals	4.0	3.2	5.8	2.7	2.3	4.1
Food Consumed Outside the Home	2.5	3.0	1.4	1.1	1.2	0.7

Food Spending Structure

Table 3 presents the monthly spending structure of Food and Beverages, compared by sub-groups of products. As depicted in the table, the sub-groups with higher percentage of spending in 2001 were:

- Meat and by-products: 16.7 percent
- Dairy: 13 percent
- Vegetables: 10.6 percent
- Rice: 9.4 percent
- Grains: 6.6 percent

The percentage of spending is not an indicator of quantity consumed. Many times, this percentage is inflated due to the high unitary price of a product, like in the case of meat and by-products; while the opposite happens to grains (corn and beans), which have a low unitary price.

Several important changes took place between 1998 and 2001:

- Meats & by-products increased from 14.9 percent to 16.7 percent, representing a C\$1.80 increase for each C\$100 spent.
- Dairy products increased from 10.7 percent to 13.0 percent.
- Vegetables increased from 9.8 percent to 10.6 percent.
- Rice decreased from 10.7 percent to 9.4 percent.
- Grains (beans and corn) decreased from 9 percent to 6.6 percent.
- Other products changed in smaller proportions.

Urban household expenditure accounts for almost 76 percent of the total consumption done on a national level. Spending levels for rice, meat and by-products, dairy, and vegetables increased for both urban and rural areas.

Products that have a greater impact in the **urban** population's expenses are:

- Meat and by-products: 18.4 percent
- Dairy: 13.7 percent
- Vegetables: 10.9 percent
- Rice: 7.0 percent

Products that have a greater impact in the **rural** population's expenses are:

- Rice: 14.0 percent
- Grains: 12.8 percent
- Meat and by-products: 11.5 percent
- Dairy: 10.7 percent

Table 4 shows the distribution of the real expense in food and drinks. Food expenditure represents approximately 93 percent of total consumption (97 percent the urban areas). In rural areas, food that was not bought (self produced, or acquired by any means other than buying it) accounts for 17.4 percent of total consumption.

This table also presents food groups that account for the greater share in real spending (or total consumption):

- Meat and by-products: 16.1 percent
- Dairy: 12.3 percent
- Vegetables: 10.8 percent
- Rice: 9.2 percent
- Grains: 9.0 percent

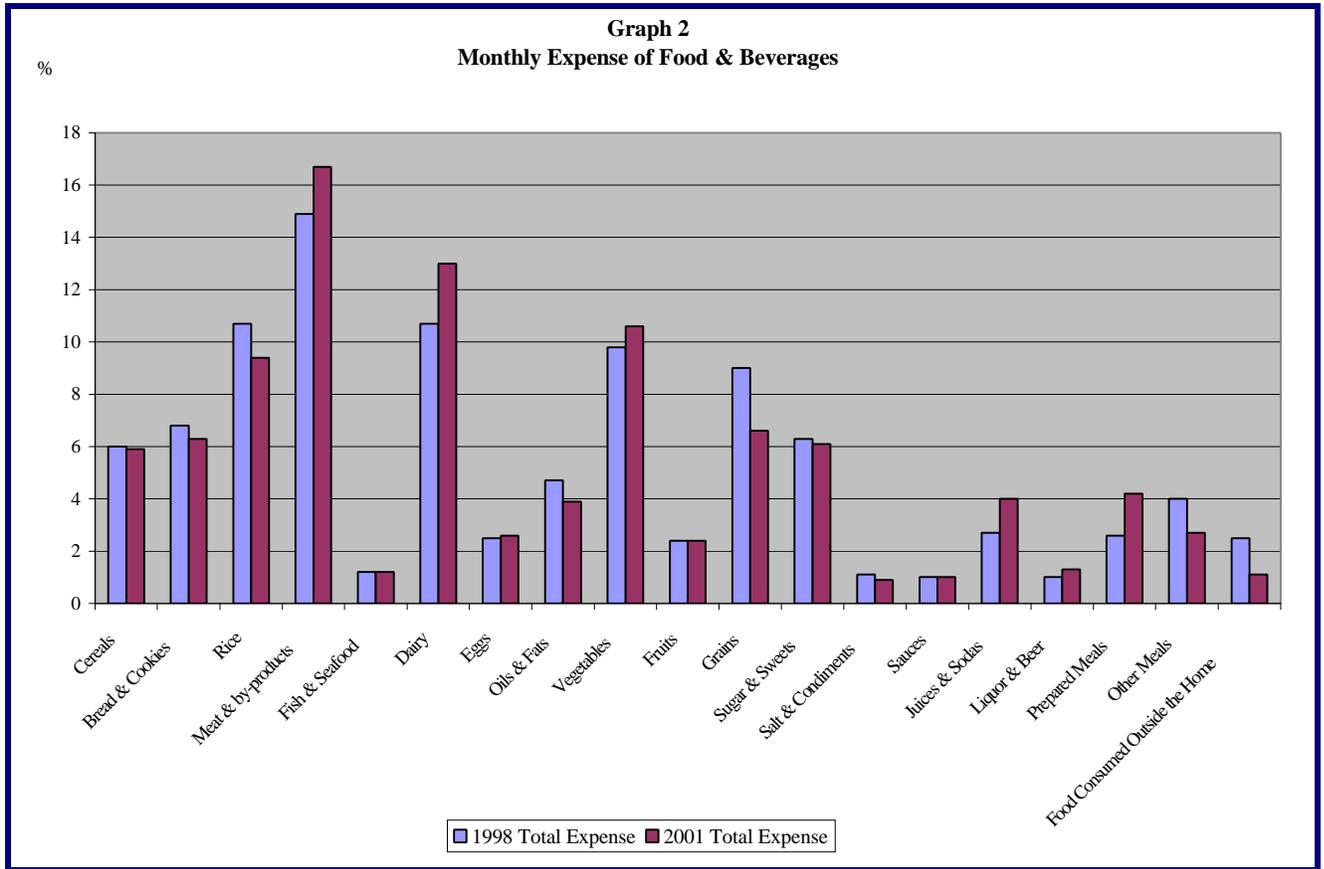


Table 4
Distribution of Consumption
(Percentage, by type of product, area of residence, and form of acquisition)

Type of Product	Total Consumption			Urban Consumption			Rural Consumption		
	Total Consumption	Purchased	Not-Purchased	Total Consumption	Purchased	Not-Purchased	Total Consumption	Purchased	Not-Purchased
Total	100	92.9	7.1	100	96.7	3.3	100	82.6	17.4
Cereals	5.6 (100)	97.7	2.3	6.2 (100)	98.6	1.4	4.2 (100)	93.8	6.2
Bread & Cookies	5.9 (100)	99.3	0.7	6.2 (100)	99.4	0.6	5.1 (100)	98.9	1.1
Rice	9.2 (100)	95.1	4.9	7.8 (100)	98.7	1.3	12.9 (100)	89.4	10.6
Meat & by-products	16.1 (100)	96.7	3.3	18 (100)	98.7	1.3	10.8 (100)	87.9	12.1
Fish & Seafood	1.3 (100)	88.5	11.5	1.4 (100)	91.6	8.4	.9 (100)	75.7	24.3
Dairy	12.3 (100)	97.5	2.5	13.4 (100)	98.4	1.6	9.4 (100)	93.7	6.3
Eggs	2.6 (100)	91.4	8.6	2.8 (100)	96.6	3.4	2.1 (100)	73.1	26.9
Oils & Fats	3.7 (100)	97.8	2.2	3.2 (100)	97.9	2.1	4.9 (100)	97.6	2.4
Vegetables	10.8 (100)	91.1	8.9	11.1 (100)	95.1	4.9	10 (100)	79.4	20.6
Fruits	2.7 (100)	81.9	18.1	3.1 (100)	88.9	11.1	1.7 (100)	48.4	51.6
Grains	9.0 (100)	68.4	31.6	5.3 (100)	85.8	14.2	19 (100)	55.6	44.4
Sugar & Sweets	5.7 (100)	98.2	1.8	5.1 (100)	98	2.0	7.5 (100)	98.5	1.5
Salt & Condiments	0.9 (100)	96.0	4.0	.8 (100)	97.5	2.5	1.2 (100)	93.2	6.8
Sauces	0.9 (100)	97.5	2.5	1.1 (100)	97.6	2.4	.4 (100)	97.3	2.7
Juices & Sodas	3.8 (100)	98.1	1.9	4.4 (100)	98.3	1.7	2 (100)	96.8	3.2
Liquor & Beer	1.2 (100)	97.1	2.9	1.4 (100)	97.2	2.8	.8 (100)	96.7	3.3
Prepared Meals	4.2 (100)	94.2	5.8	5 (100)	94.8	5.2	1.9 (100)	89.9	10.1
Other Meals Consumed Outside the Home	2.9 (100)	86.4	13.6	2.3 (100)	93.5	6.5	4.4 (100)	76.3	23.7
Food Consumed Outside the Home	1.0 (100)	100	0.0	1.2 (100)	100	0.0	0.6 (100)	100	0.0

Reference Period: 15 days prior to survey

Analyzing the importance of food that was consumed, but not purchased, we find that in **urban** areas, the products with more weight are:

- Grains: 14.2 percent
- Fruits: 11.1 percent
- Fish and shellfish: 8.4 percent

Rural areas exhibit a higher percentage of products that are not purchased. Products that stand out are:

- Fruits: 51.6 percent
- Grains: 44.4 percent
- Vegetables: 20.6 percent
- Eggs: 26.9 percent
- Fish and shellfish: 24.3 percent
- Meat and by-products: 12.1 percent

Consumption of food

Another form of analyzing consumption is through the access that households have to food products: either through purchase, self-production, self-supply, or other forms of acquisition.

Table 5 shows the results of a household survey that asked about products purchased during the previous 15 days. The products with most demand, measured by percentage of households that buy them were:

- Dairy: 100 percent (12.3 percent of household food expense)
- Sugar and sweets: 91.6 percent (5.7 of household food expense)
- Vegetables: 90.4 percent (10.6 percent of household food expense)
- Rice 86.2 percent (9.4 percent of household food expense)

Other products with high demand were salt and condiments (87.8 percent), oils and fats (83.5 percent), bread and cookies (78.3 percent), grains (74.7 percent), cereals (72.4 percent), and meat and by-products (72.4 percent).

A general trend exhibited in the previous table shows that, for the most part, urban homes purchase more than rural homes, except in the case of dairy, sugar and sweets, and salt and condiments, for which the percentages are similar. This is indicative of the advantage urban homes have over rural homes in terms of the production and consumption of food.

There are some sub-groups of products where the percentages of rural home purchases are considerably less than for urban homes: cereals, meat and by-products, fish and shellfish, eggs, fruits, and grains. The reason for this is that rural homes do not purchase many of these products, but rather acquire them in other ways.

Table 5
Households that buy Food & Beverages

(Percentage, by area of residence and type of product)

Type of Product	Households that Purchase		
	The Republic	Urban	Rural
Cereals	72.4	87.7	48.1
Bread & Cookies	78.3	85.8	66.3
Rice	86.2	88.3	82.7
Meat & by-products	72.4	85.8	51.2
Fish & Seafood	21.2	27.2	11.7
Dairy	100	100	100
Eggs	50.5	65.1	27.2
Oils & Fats	83.5	87.3	77.5
Vegetables	90.4	94.8	83.4
Fruits	42.1	54.4	22.6
Grains	74.7	78.0	69.4
Sugar & Sweets	96.6	91.4	91.9
Salt & Condiments	87.8	88.2	87.1
Sauces	98.0	37.7	12.6
Juices & Sodas	42.6	53.4	25.4
Liquor & Beer ²	6.9	7.8	5.3
Prepared Meals	37.0	47.9	19.6
Other Meals	74.6	73.8	75.89
Food Consumed Outside the Home	20.3	23.6	15.2

Reference Period: 15 days prior to survey

² The low percentage of liquor and beer consumption may be underestimated, considering that the biggest consumption is carried outside of the home, mainly by males, and that the informants for this survey were mostly women.

Table 6
Households that buy Food & Beverages
(Percentage, by area of residence and detailed food groups)

Type of Product	Households that Purchase		
	The Republic	Urban	Rural
Sugar	90.3	90.0	90.7
Rice (grain)	86.2	88.3	82.7
Salt	84.7	85.1	84.2
Vegetable Oil	82.3	86.5	75.6
Coffee	71.9	72.1	71.5
Beans (grain)	71.5	76.2	64.0
Tomato	67.7	78.4	50.8
Simple Bread	66.8	77.3	50.2
Chicken Meat	59.1	74.7	34.5
White Onion	55.8	54.9	57.1
Green Pepper	55.6	68.2	35.7
Tortilla	51.3	71.5	19.4
Potato	50.7	58.2	38.9
Eggs	50.5	65.1	27.2
Banana, Plantain	50.1	61.6	31.7
Bovine Meat	46.8	60.5	25.0
Quesillo, Curd, Cream	46.0	53.5	34.0
Garlic	43.6	47.4	37.4
Soda, Mineral Water	41.0	51.7	24.1
Pinolillo, Wheat	41.0	48.4	29.4
Cheese, Butter	39.7	52.5	19.2
Liquid Milk	39.5	50.1	22.5
Sweet Bread	37.7	39.0	35.6
Yellow Onion	31.9	40.6	18.2
Condiments	30.3	35.0	22.9

Reference Period: 15 days prior to survey

Table 6 shows the nationwide demand for food products in 2001. The 10 most sought after products were:

- Sugar
- Rice
- Salt
- Vegetable oil
- Coffee
- Beans
- Tomatoes
- Simple bread
- Chicken meat
- White onions

Some products such as citric fruits, other fruits and corn in grain do not appear in this list of preferable products; however, it is known that they are part of the Nicaraguan diet. These products are acquired mostly by own production, as show in the following table.

Table 7 is similar to table 6, but refers to products acquired by means of self-production and self-supply.

The most important **self-produced** products are:

- Eggs
- Citric fruits
- Beans
- Bananas
- Milk
- Chicken meat
- Corn
- Other fruits

Between 10 and 30 percent of homes acquire these products by means of their own production. The most important **self-supplied** products are:

- Avocado
- Quesillo (local type of cheese)
- Curd or cream
- Rice
- Coffee
- Sugar
- Pinolillo (cornmeal)
- Salt
- Vegetable oil
- Simple bread
- Soda

Between five and eight percent of homes acquire these products from some sort of family business.

Urban homes generally self-supply their food, while rural homes have more ease of acquiring food through self-production. More than 50 percent of rural households obtain eggs without purchasing them, and 20 percent of these homes consume citric fruits, beans, bananas, milk, chicken meat, and corn without the need of buying them. In general, it is observed that these forms of acquisition are more important for rural than urban homes, becoming an alternative to satisfy their nutritional requirements.

Table 7
Households that acquired products by self-production and self-supply
(Percentage, by area of residence and types of products)

Type of Product	The Republic			Urban			Rural		
	Total	Self-Produced	Self-Supply	Total	Self-Produced	Self-Supply	Total	Self-Produced	Self-Supply
Eggs	28.1	23.2	4.9	13.2	7.4	5.8	51.7	48.3	3.3
Citric Fruit	27.2	19.0	8.3	25.7	18.2	7.5	29.6	20.2	9.4
Beans (grain)	16.5	10.0	6.5	8.5	2.0	6.5	29.0	22.7	6.3
Plantain, Banana	15.6	8.6	6.9	10.1	3.4	6.7	24.3	17.0	7.3
Liquid Milk	13.8	7.9	5.9	6.0	1.5	4.5	26.1	18.0	8.2
Chicken Meat	13.4	10.8	2.7	5.1	1.9	3.2	26.7	24.9	1.7
Avocado	13.0	5.2	7.8	12.8	4.1	8.7	13.2	6.9	6.4
Maize (grain)	11.9	9.8	2.0	3.3	1.9	1.3	25.5	22.4	3.1
Other Fruits	10.3	6.9	3.3	9.4	6.4	2.9	11.6	7.7	3.9
Herbs	9.8	7.7	2.1	8.1	5.8	2.3	12.5	10.8	1.7
Quesillo, Curd, Cream	8.9	3.8	5.1	5.7	0.8	4.9	14.0	8.6	5.3
Rice (grain)	8.7	1.8	7.0	7.1	0.3	6.8	11.3	4.1	7.2
Coffee	8.7	2.3	6.4	6.6	0.4	6.2	12.0	5.3	6.7
Chiltoma	7.0	1.7	5.3	7.2	1.3	5.9	6.8	2.3	4.5
Tortilla	6.8	4.0	2.2	3.9	1.5	2.1	11.4	8.0	2.3
Sugar	6.7	0.0	6.7	6.7	0.0	6.7	6.7	0.1	6.6
Pinolillo, Wheat	6.3	0.6	5.6	6.1	0.2	5.9	6.5	1.2	5.3
Salt	6.2	0.1	6.1	5.9	0.0	5.9	6.7	0.1	6.5
Vegetable Oil	5.9	0.0	5.8	5.9	0.0	5.9	5.8	0.1	5.7
Simple Bread	5.7	0.2	5.5	6.3	0.1	6.2	4.7	0.4	4.3
Tomato	5.2	0.5	4.6	5.4	0.1	5.2	4.9	1.0	3.7
Soda, Mineral									
Water	4.8	0.0	4.8	5.7	0.0	5.7	3.3	0.0	3.2
Fish	4.2	0.7	2.6	3.0	0.2	2.6	6.1	3.4	2.7
Yucca	4.1	2.8	1.4	1.5	0.4	1.0	8.4	6.5	1.9

Reference Period: 15 days prior to survey

Purchase of food with credit

An approach to satisfy the immediate demand of food in a household is through the use of credit purchases. In our survey, 18 percent of homes carried out purchases with credit (table 8). There is a greater incidence of this purchase modality in rural homes (21 percent) than in urban homes (16 percent). This is explained because most of these purchases are carried out with informal credits. Small grocery stores or *pulperias* offer credit to their neighbors mainly because of the seasonal character of the rural income strongly that is tied to agricultural production.

About 25 percent of the homes in the Central region purchase food with credit (in both rural and urban areas). In the Pacific region, this is seen in only 17 percent of homes, followed by the Atlantic region with 14.3 percent and Managua with 13.1 percent.

Table 8
Households that buy Food on Credit

(Percentage, by area of residence and region)

Region	The Republic		
	Total	Urban	Rural
Total	18.0	15.9	21.4
Managua	13.1		
Pacific	17.0	14.8	20.0
Central	24.8	24.7	24.9
Atlantic	14.3	17.6	11.3

Reference Period: 15 days prior to survey

II. ROAD MAP FOR MARKET ENTRY**ENTRY STRATEGY**

The best suggested method for new-to-market exports to enter the Nicaraguan retail market is through local distributors. Local distributors have long-standing relationships with supermarkets, gas marts, convenience stores, grocery stores, and *pulperias*. Exporters are advised to choose a local distributor to be their exclusive local representative.

When choosing a local distributor it is best to make personal visits and decide on the best business partner. A good distributor should have a wide customer base, adequate storage facilities, a good distribution network and transportation system, provide essential market information, and have long-standing relationships in the retail market. It is also important to determine how the marketing and advertising of the product being exported will be conducted.

A way of making local distributors bid for the exclusive import rights of a product is to present it to the purchase managers of the most important supermarkets, convenience stores and gas marts. In turn, these managers can request local distributors to offer this product and create a demand for it.

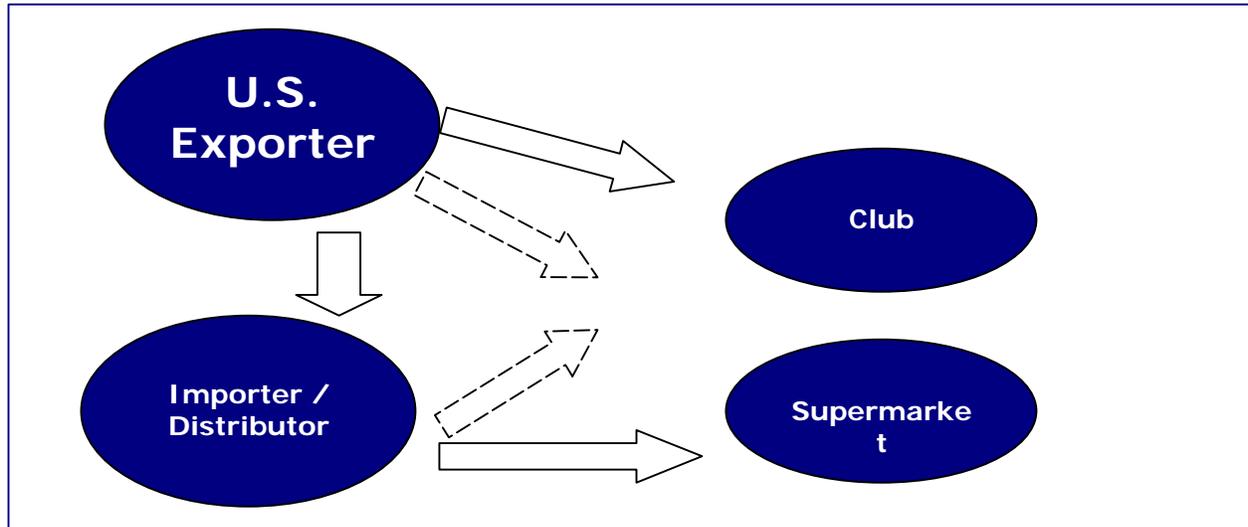
Depending on the type of product, exporters are also advised to contact individual supermarket chains and convenience stores. Many of these establishments make direct imports of non-perishable items if there is enough volume to be sold.

Nicaragua requires specific labeling instructions for retail food products. Required information includes: name of product, list of ingredients, weight, country of origin, name of manufacturer and address, batch number, health registry, expiration date, instructions (when applicable), and a quantitative label of the ingredients.

MARKET STRUCTURE

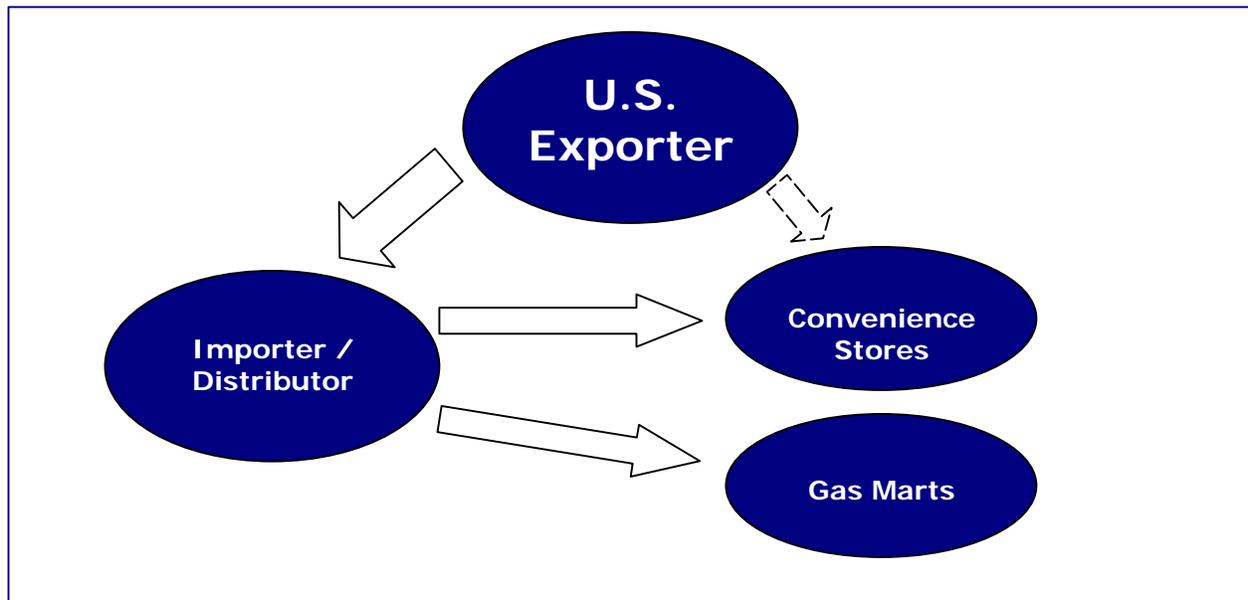
SUPERMARKETS AND CLUB WAREHOUSES

Supermarkets purchase most of their products through local distributors. Only a few products are imported directly by supermarkets. Clubs, in this case Price Smart, import most of their products, but also sell locally produced food products.



CONVENIENCE STORES AND GAS MARTS

Some convenience stores (La Familiar, Stop-N-Go, Porta's) import directly from the US, and also purchase from local distributors. Local distributors supply all Gas Marts.



CONFIDENTIALITY

Retailers are allowed by law to keep all their financial information confidential. For tax purposes, all retailers must submit this information to the Internal Revenue Service (Dirección General de Ingresos), which keeps this information confidential. None of the retailers that participated in this study were able to provide any information concerning sales or growth prospects. The Internal Revenue Service also denied giving sales information on the sector as a whole.

A. SUPERMARKETS AND CLUB WAREHOUSES

Retailer Name	Outlet Type	Ownership	Sales (\$Mil) *	No. of Outlets	Locations	Purchasing Agent Type
La Colonia	Supermarket	Local	~50	7 ³	Managua	Direct Imports, Local Distributors
La Union	Supermarket	Foreign, Local	~15	5	Managua: 4 Leon: 1	Direct Imports, Local Distributors
Palí	Supermarket	Foreign, Local	~50	20	Managua & Main Cities	Direct Imports, Local Distributors
Distribuidora San Sebastián	Distributor ⁴	Local	NA	1	Managua	Direct Imports, Local Distributors
Price Smart	Club	Foreign, Local	~18	1	Managua	Direct Imports, Local Distributors

*Sales figures are estimates obtained from an industry source.

NA – Not available

Supermarkets⁵:

There are only three supermarket chains in the country. Corporación de Mercados Unidos (CSU) operates two chains: La Union and Palí. La Union is geared towards the middle to high-class segment in the capital city. La Union has four outlets in Managua and one in Leon. Palí is focused on serving the middle and lower class segments, competing directly with open-air markets, traditional markets, and small “mom and pop” operations. Palí operates in Managua, Granada, Masaya, Chinandega, Matagalpa, Jinotepe, and Tipitapa. Despite the economy’s downfall, supermarkets have experienced constant growth of four to five percent over the last years. A reason for growth has been a constant transfer from the informal (regular markets) to the formal sector.

Casa Mantica S.A. operates Supermecados La Colonia, a well-established supermarket chain that operates only in Managua. In August 2003, La Colonia opened its sixth outlet, and in November of the same year it opened its seventh and biggest outlet. According to La

³ The 7th locale of La Colonia is expected to open late 2003.

⁴ Distribuidora San Sebastian is a distributor, but acts like a supermarket, selling to individual customers.

⁵ Any full-line, self-service grocery store with an annual sales of \$2 million or more.

Colonia, only a handful of products are comprised of direct imports (butter, dairy, pork, tomato sauce, and others). It is important to note that filling a container to import products is very difficult; for this reason, some products are purchased from wholesalers (mostly in Miami) and consolidated shipments are then made to Nicaragua. For the last couple of years, La Colonia has been expanding its services. To date, La Colonia offers typical supermarket products along with apparel, film processing, pharmaceutical products, jewelry, and fast food venues inside the supermarket. In their biggest outlet, La Colonia offers two banks, a Radio Shack store, a dry-cleaner, a shoe store, and a perfume shop. La Colonia does not have plans of expanding outside Managua, given the lack of a niche for this kind of supermarkets outside the capital.

Many other establishments throughout the country call themselves supermarkets; however, they are mostly small grocery stores, mini marts and/or convenience stores. The majority of the population obtains fruits, red meat, vegetables, poultry, eggs, pork, and fish from public markets.

Club Warehouses:

Nicaragua's first club warehouse, Price Smart, opened in July 2003. Price Smart was very successful at selling memberships, acquiring a record number of members (compared to other Price Smarts) before the club was opened to the public. Some managers of supermarkets claim that Price Smart's popularity is mostly due to curiosity, which will eventually fade away. However, Price Smart sales for the first month exceeded budget forecasts by more than 20 percent. Grocery stores and gas marts have not been significantly affected by the opening of Price Smart, given that they are convenience stores and serve a different niche.

Some experts believe that Price Smart will have a positive effect on the whole industry by familiarizing the Nicaraguan population with new products (mostly from the US). Owners of some grocery stores believe that in the long run, people will prefer to stop by their stores to pick up these products, given that these stores are more conveniently located.

Banco de la Produccion (BANPRO) is part owner of Price Smart. The only way to pay at Price Smart is with cash or with a credit card issued only by this bank. BANPRO has implemented a strategy in which they automatically issue a credit card with a \$500 limit to anyone who can prove that they have another credit card (issued by any bank). They have also issued and mailed credit cards to hundreds of Price Smart members. Some analysts believe that in the coming months, people will realize that they cannot keep spending too much money with their credit cards and Price Smart sales will drop. Nevertheless, Price Smart managers expect growth and sustained sales.

B. INDEPENDENT SUPERMARKETS

The following table presents a list of independent supermarkets.

Retailer Name	Outlet Type	Ownership	Sales (\$Mil)	No. of Outlets	Locations	Purchasing Agent Type
Abastecedora Yoli	Grocery Store	Local	NA	1	Bluefields	Local Distributors
Comercial Belkisdamaris	Grocery Store	Local	NA	1	Bluefields	Local Distributors
Mercadito Mas x Menos	Supermarket	Local	NA	1	Bluefields	Local Distributors
Distribuidora Comercial la Cementera	Grocery Store	Local	NA	1	Chinandega	Local Distributors
Romero Bayardo A.	Supermarket	Local	NA	1	Chinandega	Local Distributors
Roney, S.A.	Supermarket	Local	NA	1	Chinandega	Local Distributors
Supermercado Selecto	Grocery Store	Local	NA	1	Chinandega	Local Distributors
Comercial San Miguel	Grocery Store	Local	NA	1	Leon	Local Distributors
Abarrotes Panameño	Grocery Store	Local	NA	1	Estelí	Local Distributors
Mini Super Ray Lun	Supermarket	Local	NA	1	Estelí	Local Distributors
Super Economico	Supermarket	Local	NA	1	Estelí	Local Distributors
Surtidora Laguna Rizo	Grocery Store	Local	NA	1	Estelí	Local Distributors
Supermercado Lacayo	Supermarket	Local	NA	1	Granada	Local Distributors
Mini Super 4m	Supermarket	Local	NA	1	Jinotega	Local Distributors
Supermercado San Antonio	Supermarket	Local	NA	1	Juigalpa	Local Distributors
Distribuidora la Profe	Grocery Store	Local	NA	1	Matagalpa	Local Distributors
Supermercado la Matagalpa	Supermarket	Local	NA	1	Matagalpa	Local Distributors
Supermercado San Judas	Supermarket	Local	NA	1	Ocotol	Local Distributors
Supermercado Monter	Supermarket	Local	NA	1	Puerto Cabezas	Local Distributors
Comercial Hugo Navas	Grocery Store	Local	NA	1	Rivas	Local Distributors

Surtidora Elvis	Grocery Store	Local	NA	1	Sebaco	Local Distributors
Supermercado de la Policia	Supermarket	Local	NA	1	Managua	Local Distributors
Supermercado del Ejercito	Supermarket	Local	NA		Managua	Local Distributors

The independent retailers presented in the previous table range from small to medium size, and could be considered grocery stores, convenience stores, or supermarkets. All of these compete with public (traditional) markets, and supply staple food products and basic necessary products.

The Supermercado de la Policia is a special supermarket set up by the government to serve police officers and their families. In a similar matter, Supermercado del Ejercito serves the military and their families. The annual income of police and military officers is extremely low, therefore these supermarkets facilitate their need of food and other necessities by selling duty-free products and offering lower prices than other supermarkets.

C. CONVENIENCE STORES AND GAS MARTS

Retailer Name	Outlet Type	Ownership	Sales (\$Mill)	No. of Outlets	Locations	Purchasing Agent Type
On the Run, Tiger Mart	Gas Mart	Foreign	N/A	18	Major Cities	Local Distributors
Star Mart, Food Mart	Gas Mart	Foreign	N/A	10	Major Cities	Local Distributors
Select Market	Gas Mart	Foreign	N/A	12	Major Cities	Local Distributors
Stop-N-Go	Convenience	Local	N/A	2	Managua	Direct Import 60%, Distributors 40%
La Familiar	Convenience	Local	N/A	2 ⁶	Managua	Direct Imports, Local Distributors
Super Porta's	Convenience	Local	N/A	3	Managua, Masaya, Granada	Direct Imports, Local Distributors

Convenience Stores:

Most convenience stores are relatively small, measuring less than 500 square meters. They sell both domestic and imported beverages, snacks, canned food, and some carry perishable items. The majority of convenience stores acquire their goods through local distributors, although some import directly.

⁶ The second outlet of La Familiar is expected to open late 2003.

There has been a recent trend in the creation of small convenience stores in middle to high-class neighborhoods. These serve as convenience stores for those people who do not want to make a trip to the supermarket. Many of these stores have experienced success and increase in sales despite the economic downturn; given that their customers include middle to high-class customers and foreigners. La Familiar and Super Porta's have remodeled their outlets many times, each time making them bigger. Moreover, La Familiar is currently building a second and bigger store, Porta's already opened its third outlet, and Stop-N-Go started operations in its second outlet.

Gas Marts:

In recent years, many of the older gas stations have been remodeled and new gas stations with gas marts have been built nationwide. They offer imported and local goods such as snacks, non-alcoholic beverages and alcoholic beverages. Many also offer imported microwave foods and local fast food (pizza, hot-dogs, chicken, etc).

All gas marts are located along important roads and boulevards. Local distributors supply most of the products they carry.

D. TRADITIONAL MARKETS – SMALL “MOM AND POP” INDEPENDENT GROCERY STORES AND WET MARKETS

Grocery Stores:

Grocery stores are located throughout the country. The majority of grocery stores acquire their goods through local distributors. Many grocery stores call themselves supermarkets, mini-markets, or regular markets. These stores carry local and foreign products, and some carry perishable items.

Open Air Market

Open-air-markets refer to those places or meeting points of local producers, where fruit and vegetable stands are usually set up. Local producers of fruits and vegetables from neighboring towns set these up open-air markets found near supermarkets and/or markets. Producers place their fruits and vegetables on baskets along the street, tables, or stands. At the end of the day they pack unsold fruits and vegetables and return the next day. Some also carry staple grains such as rice and beans. The number of these markets in the capital has been decreasing, in an attempt of the municipalities to clean the streets of Managua. Furthermore, these markets compete directly with the bigger centralized markets (following description).

Markets (public markets)

Each major city has one or more traditional market. Markets represent the informal sector of the economy. A wide range of customers from different segments of society buy products such as rice, beans, vegetables, sugar, meat, and other basic foods. These markets supply most of the food to the population. Many local distributors are strategically located close to these markets in order to easily supply merchants, while some distributors even sell to the public. These markets offer all kinds of products from apparel and electronics, to food and traditional products. The biggest market in Managua is called *Mercado Oriental*. This market is commonly referred to as *the black market*. Bookkeeping in these markets is almost impossible and so is tax paying. Merchants sell at different prices during the day, often

bargaining each sale. Moreover, they do not always keep a well-managed inventory and there is often double bookkeeping.

Pulperias

Pulperias are small family-owned stores. Most of them are very small, comparable to a small room with a wide window through which buyers ask and pay for products. Most *Pulperias* carry snacks and beverages, and some carry homemade products such as pastry, baked goods or cookies. It is estimated that there are around 15,000 *pulperias* nationwide. They sell low-cost products, locally produced or from neighboring countries. Many *pulperias* sell food on credit to their neighbors and friends.

E. FINANCING

The banking system in Nicaragua is the smallest in Central America. In mid-2000 there were 11 banks, however five were forced to close in part by fraudulent practices. Currently there are only six banks. As of July 2002, two banks controlled more than 50 percent of the market share, accounting for 14.18 billion *córdobas*. More than 70 percent of deposits are in US dollars. The *córdoba* depreciates at an annual rate of six percent against the dollar. Therefore, retail businesses are highly influenced by the US dollar, calculating the *córdoba* value of products using the latest exchange rate.

Loans are made in *córdobas* and dollars. In July 2002 the lending rate for short-term loans (less than one year) denominated in dollars was 17.27 percent, and 23.33 percent for loans in *córdobas*. Loans in *córdobas* maintain their value even with the devaluation of the local currency.

Foreigners are allowed to borrow from local banks and to repatriate capital without restrictions. New businesses are required to make payments on-delivery and on-sight. Once established, businesses may be granted 30 to 60 day credits with no interest. Business partners are to be chosen very carefully given that contracts may become hard to enforce since the judiciary system is inefficient and corrupt. Foreign companies often prefer to borrow from their parent companies to avoid paying high-interest on local sources of funding.

Banks in Managua usually take 24 hours to clear *córdoba* denominated checks. The process is slower outside the capital. Dollar-denominated checks may take up to two weeks to clear and high commission surcharges may apply.

Import credit can be obtained through the Export Financing Fund and the US Export-Import Bank. Credit lines must be approved by the Central Bank of Nicaragua and are available through local or US banks. US suppliers exporting to Nicaragua benefit from credit-guarantees provided by the USDA.

Bank Deposits and Lending (C\$ m)	1999	2000	2001	2002
Deposits				
State Banks	191.9	0.0	0.0	0.0
Private Banks	17569.8	18494.5	20730.3	23498.7
Total	17761.7	18494.5	20730.3	23498.7
Loans				
State Banks	68.7	0.0	0.0	0.0
Private Banks	13152.5	11238.9	9084.6	10459.3
Total	13227.2	11238.9	9084.6	10459.3

Source: Superintendencia de Bancos y Otras Instituciones Financieras

III. COMPETITION

Nicaragua organizes imports of edible products in the following categories:

1. Meat & By-Products
2. Fish & Seafood
3. Milk & Dairy Products; Eggs; Honey
4. Vegetables, Plants, Roots and Tubers (edible)
5. Fruits
6. Coffee, Tea, Herbs, Mate, Spices
7. Cereals
8. Prepared Meat, Fish and Seafood
9. Sugar & Confections
10. Cacao
11. Prepared foods with base of cereal, flour, milk, starch; and Pastry Products
12. Prepared Vegetables and Fruits
13. Various Prepared Foods
14. Beverages, Vinegar, and Alcoholic Beverages
15. Prepared Food for Animals

1. Meat & By-Products

Net Imports 2002:
2,330,994 Kilos
\$2,675,975 (CIF)

Major Supply Sources:

COUNTR Y	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	3,284,772. 60	2,762,202. 11	2,330,944. 54	3,582,323. 04	3,426,018. 92	2,675,975. 33
USA	67.11%	58.19%	88.75%	61.99%	56.83%	76.73%
Costa Rica	14.78%	26.01%	5.56%	13.71%	25.13%	11.41%
Guatem ala	12.82%	3.58%	4.44%	17.38%	5.01%	7.28%
Others (8)	5.28%	12.21%	1.25%	6.91%	13.03%	4.57%

- There has been a decrease in kilos imported, representing a 15.9 percent reduction from 2000 to 2001, and 15.6 percent reduction from 2001 to 2002.
- Over 88 percent of imported kilos came from the US in 2002, which account for 76.7 percent of the total value.
- The US has been the most important source of imports for the last three years.
- Costa Rica is the second most important source of import, although not nearly as important as the US.
- An estimated 5.5 percent of imported kilos came from Costa Rica, representing 1.41 percent of the total value.
- An estimated 4.4 percent of imported kilos came from Guatemala, representing approximately 7.3 percent of the total value.
- The rest of the supply sources are practically insignificant, accounting for only 1.25 percent of total kilos and for approximately 4.6 percent of total value.
- An estimated 12.1 percent of total consumption of meat and by-products is not purchased.
- It is estimated that 10.8 percent of chicken meat is self-supplied (24.9 percent rural).

Strengths of Supply Countries:

The US dominates the import market with:

- Fresh, refrigerated and frozen chicken thighs and legs (454,925.31 kilos and \$368,678.64)
- Frozen paste of pieces and remains of chicken (601,210.5 kilos and \$306,759.74)
- Frozen pork meat (150,263.93 kilos and \$303,686.54)
- Frozen hams (185,698.75 kilos and \$274,963.42)

Advantages & Disadvantages of Local Suppliers:

Advantages:

- Nicaragua produces a significant amount of bovine meat.
- Chicken production is strong, and is led by Tip Top Industrial.
- Tip Top Industrial sells customized prepared chicken to many restaurants and hotels.

Disadvantages:

- Local production is comprised mostly of meat and poultry, and of ham to a lesser degree.

2. Fish & Seafood**Net Imports 2002:****34,362 Kilos****\$85,896 (CIF)****Major Supply Sources:**

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	78,957.67	54,445.49	34,362.43	264,207.32	93,646.20	85,896.12
USA	19.08%	39.44%	76.72%	16.04%	74.93%	70.76%
Chile	0.00%	0.12%	4.05%	0.00%	0.96%	20.25%
Costa Rica	57.49%	56.02%	15.20%	14.97%	19.63%	4.49%
Others (12)	23.43%	4.42%	4.03%	68.98%	4.49%	4.50%

- Approximately 11.5 percent of total fish and seafood consumption is not purchased (8.4 percent urban and 24.3 percent rural)

Strengths of Supply Countries:*The US dominates the import market with:*

- Salmon from the Pacific (3,515.95 kilos and \$13,084.27)
- Refrigerated and fresh fish filets and meat (3,299.25 kilos and \$7,294.59)

Chile dominates the import market with:

- Salmon from the Pacific (1,298.09 kilos and \$16,692.20)

Advantages & Disadvantages of Local Suppliers:*Advantages:*

- Fresh (local) seafood is available in all supermarkets.

Disadvantages:

- Foreign products offer more variety.

3. Milk & Dairy Products; Eggs; Honey

Net Imports 2002:
7,454,361 Kilos
\$15,879,824 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	11,163,272.62	7,872,922.13	6,024,373.30	20,899,596.48	18,139,030.47	12,064,108.34
New Zealand	13.59%	31.98%	35.41%	12.12%	40.13%	39.77%
USA	27.86%	19.35%	18.68%	21.52%	16.16%	16.80%
Panama	8.92%	8.53%	16.48%	7.39%	7.16%	15.80%
Costa Rica	8.75%	17.55%	16.78%	8.33%	13.35%	14.81%
El Salvador	22.06%	6.19%	2.46%	32.38%	7.28%	3.56%
Mexico	1.02%	2.93%	2.80%	1.22%	2.35%	3.22%
Australia	0.82%	0.93%	2.84%	0.66%	0.59%	2.37%
Others (24):	16.97%	12.55%	4.56%	16.39%	12.97%	3.67%

- There has been a decrease in kilos imported, representing a 29.5 percent reduction from 2000 to 2001, and a 23.5 percent reduction from 2001 to 2002.
- Over 35 percent of imported kilos came from New Zealand, representing 39.8 percent of the total value.
- Around 18 percent of imported kilos came from the US, representing 16.8 percent of the total value.
- New Zealand has had a constant increase in exports to Nicaragua, achieving significant growth from 2001 to 2002.
- Panama and Costa Rica have maintained their positions for the last two years, just below the US.
- An estimated 8.6 percent of consumed eggs are not purchased (26.9 percent rural), and an estimated 23.2 percent of consumed eggs are self-produced (48.3 percent rural)
- In rural areas, 18 percent of consumed liquid milk is locally produced, and 8.2 percent is self-supplied.

Strengths of Supply Countries:

New Zealand dominates the import market with:

- Whole milk in packages with less than five kilograms (683,326.38 kilos and \$2,414,493.74)
- Whole milk in packages with more than or equal to five kilograms (809,244 kilos and \$1,017,490.85)
- Butter (280,243.29 kilos and \$422,915.45)
- Cheddar Cheese (118,178.62 kilos and \$304,836.64)
- Mozzarella cheese (94,065.93 kilos and \$303,329.74)
- Other types of milk and cheeses (148,180.73 kilos and \$335,337.96)

The US dominates the import market with:

- Whole milk in packages with more than or equal to five kilograms (416,990 kilos and \$875,714.96)
- Cheese other than cheddar or mozzarella (179,134.09 kilos and \$466,600.05)

Advantages & Disadvantages of Local Suppliers:

Advantages:

- Provide cheaper prices on milk and dairy products.
- Fresh milk easily accessible.

Disadvantages:

- Lack of proper infrastructure.

4. Vegetables, Plants, Roots and Tuber (edible)

Net Imports 2002:
35,865,312 Kilos
\$9,908,227 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	42,399,503.20	37,448,051.21	35,865,312.42	17,370,884.78	17,063,314.23	9,908,227.84
Guatemala	64.56%	45.44%	45.50%	49.68%	35.07%	45.69%
Costa Rica	14.95%	27.50%	32.55%	28.28%	41.81%	22.95%
USA	4.33%	12.10%	9.56%	4.46%	14.35%	21.26%
Canada	6.36%	12.17%	9.66%	5.97%	6.35%	6.70%
Others (26)	9.81%	2.78%	2.73%	11.61%	2.42%	3.39%

- Approximately nine percent of consumed vegetables are not purchased (20.6 percent rural)

Strengths of Supply Countries:

Guatemala dominates the import market with:

- Potatoes (10,487,164 kilos and \$2,352,684.3)
- Yellow onions (3,552,514 kilos and \$1,630,234.92)
- Cabbage (1,709,516.36 kilos and \$314,706.43)

Costa Rica dominates the import market with:

- Carrots (3,770,195.2 kilos and \$910,239.73)
- Potatoes (3,041,177.6 kilos and \$347,034.77)
- Fresh or refrigerated tomatoes (442,636 kilos and \$253,967.72)

The US dominates the import market with:

- Beans, adzuki (small red) (phaseolus or vigna angularis) (1,118,469.14 kilos and \$918,022.82)
- Lentils (716,478.85 kilos and \$387,371.79)

- Beans, common black (453,959.59 kilos and \$351,963.7)
- Yellow onions (956,088.45 kilos and \$243,299.28)
- Potatoes (89,370.5 kilos and \$133,965.58)

Advantages & Disadvantages of Local Suppliers:

Advantages:

- Locally produced vegetables, plants, roots, and tubers are cheaper.
- The climate allows for year-round production.
- CSU has a strategic alliance with Hortifruti.
- Hortifruti fills all of CSU's fruit and vegetable needs.
- Hortifruti trains local producers, and provides packing supplies for more efficient collection of products.

Disadvantages:

- The country is vulnerable to natural disasters (El Niño, hurricanes, and droughts)
- Yields per hectare are the lowest in Central America.

5. Fruits

Net Imports 2002:
4,219,609 Kilos
\$2,919,378 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	11,585,408.96	9,384,774.87	4,219,609.71	7,654,632.95	3,960,712.42	2,919,378.22
Costa Rica	46.30%	44.56%	63.05%	53.05%	48.98%	43.28%
USA	8.30%	14.29%	12.06%	22.19%	27.30%	30.04%
Chile	1.70%	4.21%	6.16%	4.07%	7.08%	16.85%
Guatemala	10.42%	19.31%	6.39%	8.00%	11.87%	5.33%
Honduras	32.46%	16.71%	11.84%	10.27%	2.95%	2.74%
Others (13)	0.81%	0.92%	0.51%	2.42%	1.83%	1.75%

- There has been a substantial decrease in fruit imports: from 2000 to 2001 there was a 19% reduction, and from 2001 to 2002 there was a 55% reduction.
- 18.1% of consumed fruits are not purchased (11.1% urban, 51.6% rural)
- 19% of citric fruits are self-produced (18.2 urban, 20.2 rural)

Strengths of Supply Countries:

Costa Rica dominates the import market with:

- Price competitiveness and geographical proximity to Nicaragua.
- Favorable weather conditions to grow fruits.
- Guavas (452,1075.4 kilos and \$630,080.15)
- Apples (293,023.1 kilos and \$205,097.56)
- Fresh grapes (149,564.05 kilos and \$169,200.44)
- Other fruits (953,442.62 kilos and \$259,248.32)

The US dominates the import market with:

- Apples (620,205.09 kilos and \$429,762.9)
- Fresh grapes (198,922.04 kilos and \$169,297.09)
- Dry grapes & raisins (100,259.52 kilos and \$166,328.08)
- Other fruits (212,041.10 kilos and \$111,674.84)

Chile dominates the import market with:

- Apples (421,230.23 kilos and \$320,368.55)
- Fresh grapes (115,525.6 kilos and \$122,093.96)
- Other fruits (41,249.01 kilos and \$49,512.82)

Advantages & Disadvantages of Local Suppliers:

Advantages:

- Local production of fruits is cheaper than imports.
- CSU has a strategic alliance with Hortifruiti.
- Hortifruiti fills all of CSU's fruit and vegetable needs.
- Hortifruiti trains local producers, and provides packing supplies for more efficient collection of products.
- The climate allows for year-round production of certain fruits.

Disadvantages:

- Nicaragua's climate is not favorable for the production of apples or grapes.

6. Coffee, Tea, Herbs, Mate, Spices

Net Imports 2002:
1,223,564 Kilos
\$1,471,167 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	2,975,059.12	517,193.47	1,223,564.03	2,995,809.13	1,053,285.48	1,471,167.27
Sri Lanka	2.56%	17.64%	9.78%	10.99%	35.04%	31.42%
El Salvador	50.86%	24.90%	34.99%	45.78%	24.47%	27.29%
Vietnam	0.00%	0.00%	38.10%	0.00%	0.00%	14.51%
Costa Rica	38.11%	5.88%	2.57%	29.41%	10.16%	9.19%
USA	2.28%	13.42%	7.44%	3.67%	8.97%	7.20%
Mexico	0.00%	0.33%	3.42%	0.00%	0.09%	5.52%
Others (23)	6.19%	37.84%	3.70%	10.15%	21.27%	4.86%

Strengths of Supply Countries:

Sri Lanka dominates the import market with:

- Cinnamon, not grounded or pulverized (119,690.77 kilos and \$462,294.60)

El Salvador dominates the import market with:

- Coffee, not toasted (282,520.06 kilos and \$131,487.53)
- Pepper, grounded and pulverized (58,350.06 kilos and \$124,229.87)
- Black tea in bottles of 3 kg or less (64,210.09 kilos and \$ 97,330.63)

Vietnam dominates the import market with:

- Coffee, not toasted (466,176 kilos and \$213,484.80)

Costa Rica dominates the import market with:

- Cinnamon, grounded and pulverized (6,428.99 kilos and \$29,871.69)
- Pepper, grounded and pulverized (4,826.94 kilos and \$27,413.78)

The US dominates the import market with:

- Green tea in bottles of 3 kilograms or less (39,311.32 kilos and \$16,228.17)
- Pepper, grounded and pulverized (5,961.38 kilos and \$15,580.23)

Advantages & Disadvantages of Local Suppliers:

Advantages:

- The country produces good quality coffee.
- People in rural areas have easier access to locally produced coffee.

Disadvantages:

- Some spices do not grow in the country.

7. Cereals

**Net Imports 2002:
173,500,575 Kilos
\$33,798,849 CIF**

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	192,042,399.45	175,169,126.27	173,500,575.66	36,258,018.02	36,088,452.62	33,798,849.54
USA	79.89%	78.15%	89.27%	78.91%	72.77%	88.62%
Canada	12.11%	10.35%	6.91%	10.55%	8.46%	5.77%
Guatemala	0.34%	0.45%	0.29%	0.61%	0.76%	1.66%
El Salvador	3.87%	0.02%	1.37%	2.66%	0.03%	1.54%
México	0.10%	0.03%	0.16%	0.27%	0.21%	1.30%
Costa Rica	1.74%	5.68%	1.98%	2.51%	9.64%	1.09%
Others (20)	1.95%	5.33%	0.01%	4.49%	8.14%	0.02%

Strengths of Supply Countries:

The US dominates the import market with:

- Wheat, hard (106,418,472 kilos and \$20,870,095.99)
- Other rice, not peeled (25,923,509.24 kilos and \$3,933,976.16)
- Yellow maize (7,687,583.22 kilos and \$1,762,693.66)
- Rice, semi-whitened or whitened (3,166,716.37 kilos and \$1,102,879.57)
- Wheat, other (3,911,613.86 kilos and \$592,188.97)

Canada dominates the import market with:

- Wheat, hard (11,986,710 kilos and \$1,950,216.74)

Advantages & Disadvantages of Local Suppliers:

Advantages:

- Cheap labor allows for better prices on locally produced products.
- There are oligopolies present in the rice milling and distribution industries.

Disadvantages:

- Local production is vulnerable to climate variations. Hurricane Mitch and El Niño have affected local production.

8. Prepared Meat, Fish and Seafood

Net Imports 2002:
4,171,320 Kilos
\$5,851,655 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	3,623,024.6 9	3,337,036.2 9	4,171,320.4 8	5,046,706.2 3	4,931,190.8 5	5,851,655.1 9
Costa Rica	29.22%	41.27%	38.95%	37.45%	53.10%	51.69%
USA	13.02%	12.63%	19.25%	14.53%	13.81%	20.04%
Thailand	24.64%	21.70%	25.19%	15.11%	14.89%	15.11%
Norway	17.79%	7.34%	5.52%	24.12%	8.79%	5.62%
Ecuador	10.98%	11.21%	5.52%	3.90%	4.11%	2.82%
Others (22)	4.34%	5.85%	5.57%	4.90%	5.30%	4.71%

- Prepared meat, fish and seafood experienced a decrease of 7.9 percent in 2001 on imported kilos, which was offset by a 25 increase on imported kilos in 2002.

Strengths of Supply Countries:

Costa Rica dominates the import market with:

- Sardines (583,835.86 kilos and \$694,104.93)
- Tuna (249,423.15 kilos and \$554,192.15)
- Frozen cooked tuna filets (213,921.76 kilos and \$513,550.60)
- Stuffed pork (170,686.21 kilos and \$355,801.48)
- Stuffed poultry (198,510.56 kilos and \$351,250.10)

The US dominates the import market with:

- Sardines (442,647.05 kilos and \$321,477.09)
- Stuffed pork (48,500.18 kilos and \$126,390.39)

Thailand dominates the import market with:

- Sardines (1,005,444 kilos and \$ 813,251.87)

9. Sugar & Confections

Net Imports 2002:
7,108,163 Kilos
\$8,992,543 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	14,568,861.26	5,860,080.99	7,108,163.52	8,144,600.85	7,645,689.80	8,992,543.84
Guatemala	6.67%	20.34%	21.48%	18.75%	22.23%	20.77%
El Salvador	45.66%	15.30%	19.14%	21.59%	18.12%	19.10%
Argentina	4.01%	8.99%	13.44%	11.64%	10.48%	13.96%
Costa Rica	4.46%	9.43%	6.53%	20.48%	16.84%	12.99%
Mexico	14.59%	25.76%	15.16%	10.63%	14.10%	12.21%
Brazil	0.63%	4.43%	6.96%	1.90%	4.60%	6.46%
USA	1.83%	5.62%	7.96%	6.69%	4.27%	6.35%
Ecuador	0.27%	1.34%	4.74%	0.41%	0.79%	3.08%
Others (27)	21.88%	8.79%	4.60%	7.90%	8.58%	5.08%

- Sugar and confections experienced a decrease of 60 percent in 2001 on imported kilos, but it was partially offset by a 21 percent increase in 2002.

Strengths of Supply Countries:

The most important products from countries that export to Nicaragua are diverse confectionary items and bubble gum.

COUNTRY	Confectionary Items		Bubble Gum	
	Kilos	Value \$	Kilos	Value \$
Guatemala	1,254,668.93	\$1,418,051.62	267,576.45	\$444,051.05
El Salvador	1,350,478.27	\$1,703,123.44	9,972.00	\$14,089.28
Argentina	833,216.33	\$1,102,533.28	121,982.41	\$152,483.85
Costa Rica	206,202.23	\$757,350.82	234,955.33	\$383,233.32
Mexico	263,612.55	\$686,095.81	753,315.74	\$389,607.32
Brazil	478,454.44	\$565,795.32	16,232.17	\$14,751.42
USA	201,968.82	\$346,512.39	258,656.51	\$96,965.86

Advantages & Disadvantages of Local Suppliers:

Advantages:

- There is a 55 percent import tax on sugar.
- Local production of sugar meets local demand.

Disadvantages:

There are no confectionary manufacturers like in El Salvador, Guatemala, and Costa Rica.

10. Cacao

Net Imports 2002:
1,845,436 Kilos
\$3,342,721 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	2,406,658.21	2,178,644.46	1,845,436.06	3,337,130.04	4,270,490.70	3,342,721.21
USA	14.62%	16.22%	21.38%	25.80%	38.73%	32.74%
Costa Rica	11.45%	18.07%	21.40%	20.88%	23.65%	30.54%
El Salvador	26.14%	15.60%	10.28%	20.18%	11.99%	11.12%
Mexico	29.61%	28.38%	25.67%	10.82%	7.35%	7.54%
Holland	0.00%	0.19%	5.13%	0.00%	0.34%	5.34%
Argentina	5.32%	4.71%	5.33%	7.90%	4.27%	4.36%
Chile	4.93%	6.35%	2.69%	6.63%	6.19%	2.21%
Brazil	0.35%	2.63%	1.91%	0.67%	2.83%	1.92%
Others (17)	7.57%	7.86%	6.21%	7.12%	4.66%	4.24%

- Cacao imports suffered a 9.5 percent decrease in imported kilos from 2000 to 2001, and decreased further in 2002 by an estimated 15 percent.

Strengths of Supply Countries:

The US dominates the import market with:

- Cacao paste without grease (133,450.19 kilos and \$340,419.77)
- Chocolates –the rest (83,337.36 kilos and \$293,747.52)
- Chocolates –with filling (75,297.86 kilos and \$208,706.72)
- Cacao powder with sugar (44,887 kilos and \$152,067.94)

Costa Rica dominates the import market with:

- Chocolates –without filling (194,064.32 kilos and \$543,185.76)
- Cacao powder with sugar (106,968.28 kilos and \$302,917.09)

El Salvador dominates the import market with:

- Chocolates –the rest (189,706.42 kilos and \$371,625.98)

11. Prepared foods with base of cereal, flour, milk, starch; Pastry Products

Net Imports 2002:
30,548,132 Kilos
\$36,337,554 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	21,729,267.51	26,129,923.47	30,548,132.87	27,188,772.76	34,251,532.29	36,337,554.08
El Salvador	30.33%	23.05%	28.23%	25.96%	22.96%	29.18%
Costa Rica	27.70%	27.12%	25.19%	22.20%	20.56%	18.79%
Mexico	9.53%	7.22%	9.58%	18.45%	14.73%	18.68%
Guatemala	18.13%	20.01%	16.58%	16.65%	18.57%	16.32%
USA	9.73%	17.02%	15.36%	9.77%	13.00%	8.89%
New Zealand	0.00%	0.75%	1.25%	0.00%	2.17%	4.10%
Others (35)	4.58%	4.84%	3.81%	6.98%	8.01%	4.05%

- Products in this category have experienced increases during the last two years. From 2000 to 2001, imports (kilos) increased by more than 20 percent, followed by a subsequent growth of almost 17 percent in 2002.

Strengths of Supply Countries:

El Salvador dominates the import market with:

- Various toasted products (i.e. cornflakes) (5,627,485.94 kilos and \$6,718,951.33)
- Other toasted products (1,485,346.33 kilos and \$1,787,221.19)
- Modified milk, powdered (440,586.65 kilos and \$1,382,158.54)
- Cookies and wafers (603,305.73 kilos and \$386,651.66)

Costa Rica dominates the import market with:

- Cookies and wafers (1,643,057.11 kilos and \$2,020,094.27)
- Simple bread and cookies (1,676,262 kilos and \$1,125,045.62)
- Bakery and crackers (1,153,672.63 kilos and \$952,804.37)
- Prepared pasta (1244,370.87 kilos and \$820,286.34)

Mexico dominates the import market with:

- Modified milk (2,545,605.65 kilos and \$6,097,570.43)

Guatemala dominates the import market with:

- Cookies and wafers (1,896,093.91 kilos and \$1,837,167.76)
- Puffed rice and corn flakes (469,788.03 kilos and \$1,127,487.36)
- Prepared pasta (1,039,924.03 kilos and \$653,454.07)

USA dominates the import market with:

- Miscellaneous (3,977,182.71 kilos and \$1,658,828.39)
- Modified milk (78,472.65 kilos and \$505,738.02)

12. Prepared Vegetables and Fruits

Net Imports 2002:
13,480,752 Kilos
\$9,453,871 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	13,180,86 2.66	11,721,36 3.95	13,480,75 2.22	11,929,80 7.37	9,926,92 1.25	9,453,87 1.54
USA	22.47%	23.86%	15.67%	38.37%	33.56%	22.80%
Guatemala	14.33%	26.18%	27.52%	10.57%	19.36%	20.01%
Costa Rica	9.34%	10.03%	8.33%	12.75%	14.60%	14.39%
Chile	14.03%	6.91%	14.29%	11.27%	5.36%	12.46%
Honduras	25.16%	15.98%	17.44%	13.16%	9.38%	12.22%
Mexico	5.94%	6.40%	4.83%	6.11%	6.63%	6.26%
Holland	0.01%	1.15%	2.60%	0.01%	0.98%	2.44%
El Salvador	5.08%	4.79%	2.59%	3.62%	4.18%	2.12%
Spain	1.22%	0.88%	1.18%	1.50%	1.37%	1.89%
Canada	0.81%	1.00%	3.16%	0.59%	1.11%	1.82%
Others (19)	1.62%	2.82%	2.39%	2.05%	3.47%	3.59%

- Imported kilos from the Prepared Vegetables and Fruit category decreased by 11 percent from 2000 to 2001 and were offset by an increase of 15 percent in 2002.

Strengths of Supply Countries:

The US dominates the import market with:

- Orange juice concentrate (316,595.8 kilos and \$477,206.25)
- Prepared or conserved potatoes, frozen (466,293.49 kilos and \$393,644.03)
- Prepared or conserved vegetables⁷, not frozen (255,695.1 kilos and \$385,325.58)
- Prepared or conserved tomatoes, whole or in pieces (204,033.55 kilos and \$116,048.67)

Guatemala dominates the import market with:

- Apple juice (1,741,258.95 kilos and \$905,862.1)
- Other fruit juices (1,246,043.14 kilos and \$598,130.11)

Costa Rica dominates the import market with:

- Homogenized preparations (689,092.42 kilos and \$920,847.1)

⁷ Does not include: potatoes, beans, sweet corn, peas, asparagus, or olives.

13. Various Prepared Foods

Net Imports 2002:
13,731,676 Kilos
\$34,680,974 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	12,038,616.71	12,975,746.49	13,731,676.34	30,497,259.25	33,901,009.11	34,860,974.83
Costa Rica	29.14%	29.64%	28.47%	44.73%	43.66%	41.73%
Guatemala	38.68%	34.98%	35.32%	22.36%	19.79%	17.58%
USA	18.17%	21.68%	19.24%	11.89%	14.62%	16.07%
Mexico	3.76%	2.88%	3.90%	12.47%	14.02%	13.46%
Others (37)	10.25%	10.83%	13.07%	8.56%	7.90%	11.15%

- The import of Various Prepared Foods has exhibited an upward trend over the last three years, increasing by 7.8 percent in total kilos imported in 2001 and by 5.8 percent in 2002.

Strengths of Supply Countries:

Costa Rica dominates the import market with:

- Concentrates for the elaboration of sodas (439,594.8 kilos and \$10,161,350.22)
- Sauces and condiments⁸ (1,186,256.83 kilos and \$1,291,395.22)
- Miscellaneous preparations⁹ (405,025.13 kilos and \$999,968.93)
- Ketchup and other tomato sauces (1,039,696.79 kilos and \$835,134.77)

Guatemala dominates the import market with:

- Preparations for soups, broth (1,599,041.43 kilos and \$2,832,372.17)
- Ketchup and other tomato sauces (2,112,965.84 kilos and \$1,891,539.9)

The US dominates the import market with:

- Other miscellaneous preparations (216,325.44 kilos and \$1,639,401.22)
- Preparations for soups, broth (968,410.18 kilos and \$1,082,951.35)
- Sauces and condiments¹⁰ (578,138 kilos and \$635,224.45)
- Homogenized and composed preparations (265,343.05 kilos and \$630,107.2)
- Tea extracts, essences and concentrates (89,033.77 kilos and \$504,651.69)
- Ketchup and other tomato sauces (247,581.87 kilos and \$221,939.25)

⁸ Does not include: ketchup, soy sauce, or mustard.

⁹ Corn flour, tortilla flour, others, emulsificantes

¹⁰ Does not include: ketchup, soy sauce, or mustard.

14. Beverages, Vinegar, and Alcoholic Beverages

Net Imports 2002:
19,332,434 Kilos
\$12,259,241 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	12,489,765.98	13,685,961.04	19,332,434.00	7,812,045.57	9,194,412.19	12,259,241.74
Costa Rica	14.30%	35.04%	27.30%	13.13%	23.69%	19.06%
Guatemala	5.67%	14.92%	27.41%	5.09%	10.36%	17.59%
El Salvador	19.25%	20.63%	22.39%	15.58%	17.29%	17.52%
Panama	4.77%	1.64%	2.72%	22.62%	4.17%	15.11%
USA	7.81%	10.94%	5.14%	11.04%	10.20%	8.22%
Mexico	11.69%	7.96%	7.44%	10.73%	8.22%	6.02%
Chile	1.89%	1.83%	1.75%	4.97%	3.92%	4.19%
England	0.43%	1.57%	0.59%	2.00%	12.04%	3.94%
Spain	0.25%	0.77%	1.03%	0.87%	1.86%	2.05%
France	0.37%	0.63%	0.67%	0.77%	1.93%	1.84%
Others (35)	33.56%	4.07%	3.54%	13.20%	6.32%	4.46%

- The *Beverages, Vinegars, and Alcoholic Beverages* import group has experienced a substantial increase in imported kilos. Total imported kilos increased from 2000 to 2001 by 9.6 percent and from 2001 to 2002 by more than 41 percent.

Strengths of Supply Countries:

Costa Rica dominates the import market with:

- Water-based beverages; milk-based beverages (3,272,964.16 kilos and \$1,808,303.70)
- Water, not soda or composed (1,594,104.94 kilos and \$382,539.58)

Guatemala dominates the import market with:

- Sodas in metallic containers (2,381,319.11 kilos and \$1,080,701.14)
- Sodas in plastic containers (1,135,530.93 kilos and \$388,570.2)
- Water-based beverages, milk-based beverages (1,110,272.34 kilos and \$348,614.57)

El Salvador dominates the import market with:

- Sodas in metallic containers (2,740,421.79 kilos and \$1,269,325.92)
- Water-based beverages, milk-based beverages (981,189.54 kilos and \$584,668.69)

Panama dominates the import market with:

- Whiskey (76,349.74 kilos and \$486,208.65)
- Other whiskeys (83,673.32 kilos and \$454,321.42)
- Rum (150,347.37 kilos and \$176,545.35)

The US dominates the import market with:

- Beer, not in cans (355,721.28 kilos and \$220,424.45)
- Whiskey (24,884.79 kilos and \$194,113.07)

- Beer, in cans (240,172.44 kilos and \$155,996.50)

Advantages & Disadvantages of Local Suppliers:

Advantages:

- There are 12 local purified water companies. Prices are very competitive and international competition is non-existent.
- There are local bottling plants of Coca-Cola and Pepsi.
- Locally produced beer and rum dominate the alcoholic beverage market.

15. Prepared Food for Animals

Net Imports 2002:
19,354,648.91 Kilos
\$9,800,910.70 CIF

Major Supply Sources:

COUNTRY	Kilos			Value \$		
	2000	2001	2002	2000	2001	2002
Total	37,911,689.20	17,829,776.90	19,354,648.91	13,528,419.90	10,234,884.07	9,800,910.70
Costa Rica	20.02%	28.34%	35.50%	25.24%	24.23%	31.39%
Guatemala	7.16%	14.02%	24.51%	12.13%	16.06%	22.61%
USA	63.75%	39.93%	16.88%	48.28%	41.20%	22.13%
Panama	5.88%	13.22%	15.15%	8.36%	11.64%	12.76%
Mexico	0.70%	2.74%	4.24%	2.05%	4.45%	6.87%
Others (19)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

- This category experienced a sharp decline of 53 percent in imported kilos from 2000 to 2001, while exhibiting an increase of approximately eight percent during the following period.

Strengths of Supply Countries:

Costa Rica dominates the import market with:

- Prepared food for bovines, poultry; with vitamins and antibiotics (710,028.72 kilos and \$1,012,301.73)
- Flour for bovines, poultry (3,703,920 kilos and \$970,034.79)
- Food for cats and dogs, small packages (1,480,124.88 kilos and \$693,720.61)

Guatemala dominates the import market with:

- Prepared food for bovines, poultry; with vitamins and antibiotics (3,530,434.46 kilos and \$1,473,576.99)
- Fish food (1,064,124 kilos and \$662,169.53)

The US dominates the import market with:

- Fish food (2,166,139.4 kilos and \$1,227,436.64)
- Prepared food for bovines, poultry; with vitamins and antibiotics (396,650.12 kilos and \$445,604.70)
- Food for cats and dogs, small packages (507,083.58 kilos and \$363,721.50)

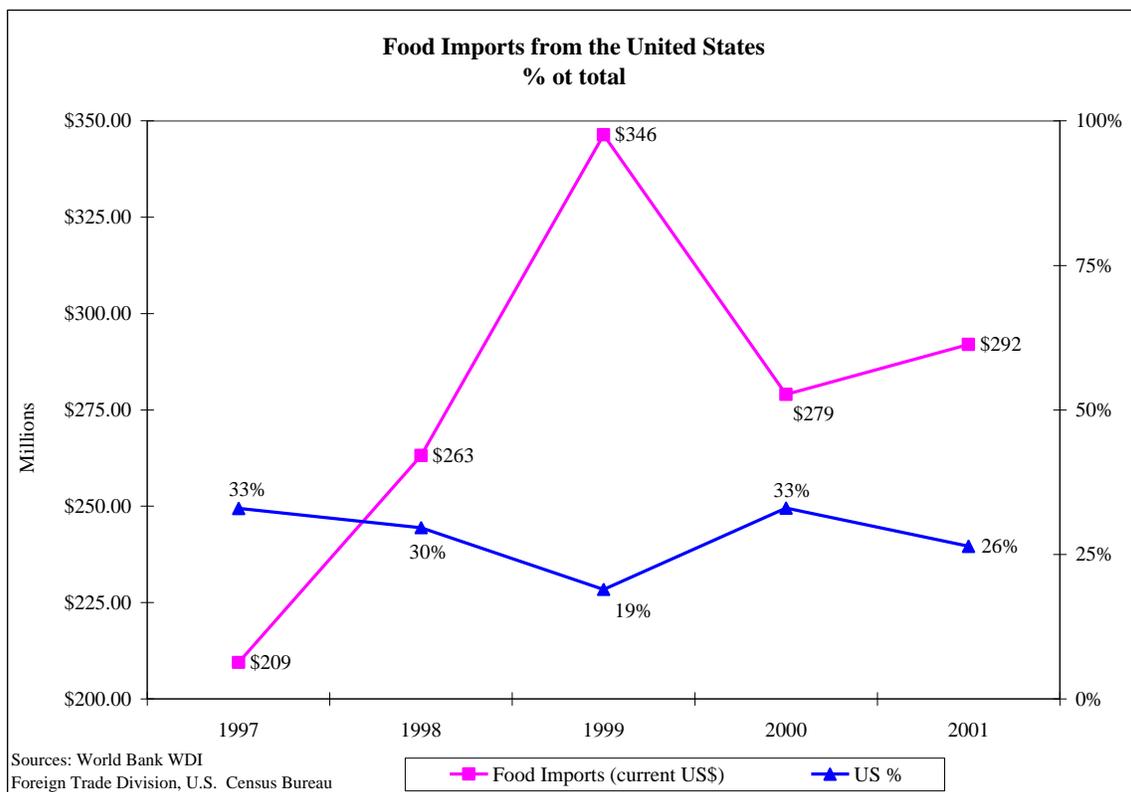
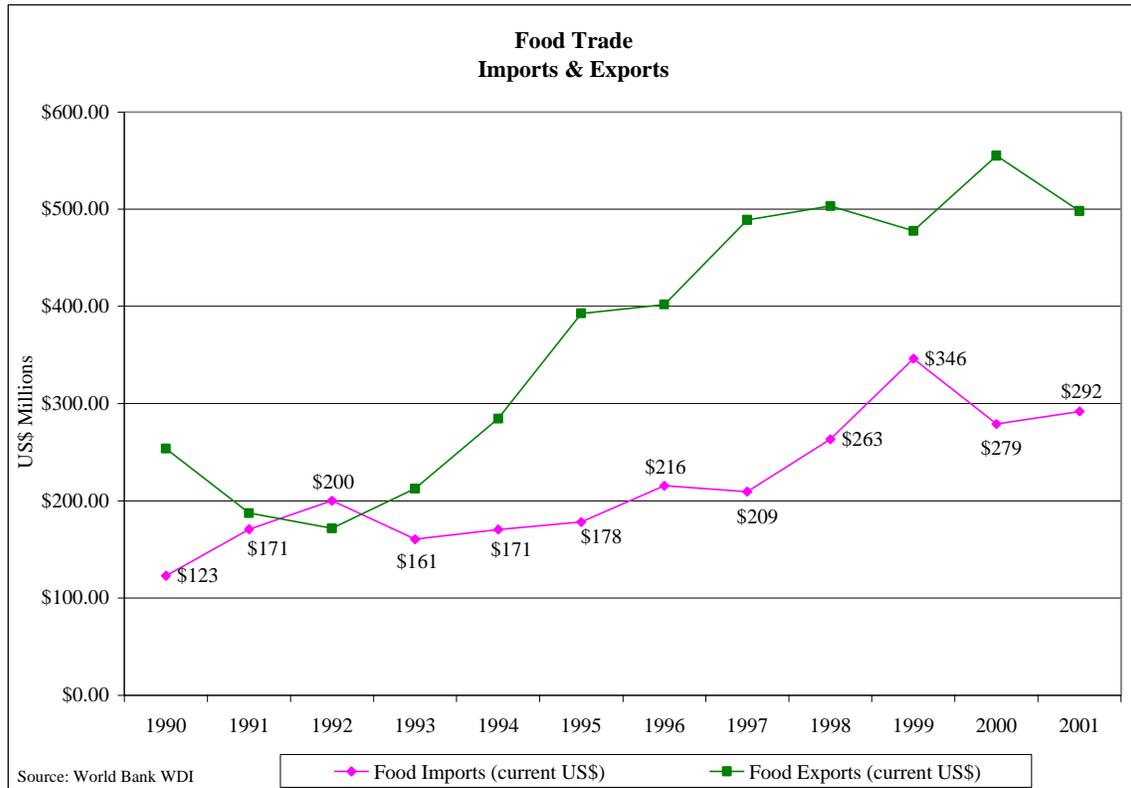
U.S. Food Exports to Nicaragua (US\$ '000)					
End-Use Code	Value 1998	Value 1999	Value 2000	Value 2001	Value 2002
Rice	18,683	20,713	13,108	26,849	19,217
Wheat	16,445	12,112	7,445	13,219	14,238
Other foods	8,244	9,242	6,929	8,807	10,398
Oilseeds, food oils	6,813	8,408	7,765	11,629	8,604
Corn	1,979	7,192	7,149	7,505	6,387
Animal feeds, n.e.c.	4,040	3,140	6,150	5,975	6,540
Vegetables	1,986	5,018	1,206	2,718	1,440
Dairy products and eggs	2,734	1,013	3,756	3,876	621
Food, tobacco machinery	1,766	1,024	3,617	2,354	1,308
Meat, poultry, etc.	861	1,702	2,458	1,413	1,662
Bakery products	1,170	2,130	1,548	1,611	1,631
Fruits, frozen juices	1,669	2,451	1,600	1,077	923
Tobacco, un-manufactured	1,427	527	792	695	891
Soybeans	0	1,780	0	1,671	577
Nonagricultural foods, etc.	408	422	362	479	739
Wine and related products	244	536	418	330	342
Tobacco, manufactured	216	90	535	505	407
Alcoholic beverages, excluding wine	44	62	470	433	577
Sorghum, barley, oats	11	6	7	714	310
Nuts	229	229	341	66	78
Fish and shellfish	128	208	70	203	220
Total	69,097	78,005	65,726	92,129	77,110

Source: Foreign Trade Division, U.S. Census Bureau, Washington, D.C.
<http://www.census.gov/foreign-trade/statistics/product/enduse/exports/c2190.html>

Nicaragua: Food Imports (US\$ '000)					
Product group	Value 1997	Value 1998	Value 1999	Value 2000	Value 2001
Edible Products N.E.S.	32,485	40,572	43,278	40,228	47,238
Rice	34,382	26,887	35,230	19,046	14,601
Cereal etc Flours/Starch	10,842	15,176	21,971	21,784	26,529
Wheat/Meslin	14,534	22,191	23,264	10,349	16,919
Vegetables, Fresh/Chilled/Frozen	10,764	15,101	24,754	17,318	17,209
Fixed Veg Oil/Fat, Soft	17,619	16,641	17,362	13,371	16,744
Fixed Veg Oils Not Soft	13,060	16,827	18,651	11,396	13,358
Milk Pr Excluding Butter/Cheese	8,269	12,113	13,078	16,048	13,211
Animal Feed Ex Unml Cereal.	9,124	8,754	12,679	13,563	10,250
Cereal Meal/Flour N.E.S.	4,910	5,956	5,648	7,343	6,557
Maize Except Sweet Corn	2,836	5,722	10,578	6,604	3,974
Sugar Confectionery	3,189	4,233	7,245	7,431	7,403
Eggs, Albumin	5,579	5,592	5,593	4,933	7,428
Animal/Veg Oils Preces'd	5,867	8,255	4,737	3,721	3,858
Animal Oil/Fat	5,567	6,305	5,477	4,086	4,913
Alcoholic Beverages	4,562	5,808	4,114	4,380	4,244
Fish/Shellfish Prep/Pres	1,857	9,204	4,456	3,713	3,066
Fruit/Nuts, Fresh/Dried	2,591	4,409	5,529	4,010	4,244
Fruit/Veg Juices	1,840	4,026	4,875	4,578	4,811
Margarine/Shortening	1,850	1,927	2,410	7,589	6,256
Veg Root/Tuber Prep/Pres	2,189	3,599	3,619	5,043	3,399
Beverage Non-Alcohol N.E.S.	2,476	2,278	3,417	2,588	4,526
Flout/Meal Wheat/Meslin	87	1,981	1,977	4,201	5,502
Chocolate/Cocoa Preps	1,780	2,133	3,003	2,890	3,750
Butter and Cheese	1,845	3,060	2,815	3,133	2,155
Meat N.E.S., Fresh/Chilled/Frozen	1,119	2,338	2,037	3,265	2,840
Crustaceans Molluscs etc	363	512	3,273	3,403	2,902
Cheese and Curd	1,066	1,438	1,609	1,585	1,823
Coffee/Coffee Substitute	190	118	2,413	2,500	612
Meat/Offal Preserved N.E.S.	547	706	1,129	1,275	1,799
Oil Seeds-Non Soft Oil	1,387	1,315	530	658	1,181
Oil Seeds etc – Soft Oil	128	451	2,808	417	154
Fruit Preserved/Fruit Preps	436	477	722	1,143	758
Cereal Grains N.E.S.	716	760	902	249	593
Spices	459	501	644	767	767
Sugar/Molasses/Honey	483	592	918	730	261
Cocoa	192	338	428	447	521
Tea and Mate	221	325	327	297	274
Beef, Fresh/Chilled/Frozen	31	220	277	317	486
Fish, Live/Fresh/Chilled/Frozen	42	28	108	84	85
Total	207484	258869	303885	256483	267201

Source: International Trade Statistics
<http://www.intracen.org/tradstat/sitc3-3d/ir558.htm>

From 1997 to 2001, food imports from the United States have account for an estimated 19 percent to 33 percent of the total food imports. This proportion could potentially increase in the coming years.



IV. BEST PRODUCT PROSPECTS

The following table shows the average annual growth rate over the past five years (1998 – 2002) for all major categories and products with an annual growth of 10 percent or more in their value.

CATEGORY & BEST PRODUCTS	Average Annual Growth Rate (Imports 1998 - 2002)		DAI ¹¹	IEC ¹²	IGV ¹³	DAI MEX ¹⁴	DAI DOM ¹⁵
	Kilos	Value	2002	2002	2002	2002	2002
	MEAT & BY-PRODUCTS	7.58%	9.57%	5% - 170%	0% - 30%	0% - 15%	0% - 120%
Bovine meat: Fresh or refrigerated - de-boned	8.04%	10.69%	15%	0.0%	0.0%	6.3%	8.0%
Pork meat: Fresh or refrigerated - the rest (no ham)	8.92%	10.49%	15%	0.0%	0.0%	0.0%	10.0%
Pork meat: Frozen - ham, shoulders and pieces, with bones	10.53%	11.57%	15%	0.0%	0.0%	0.0%	10.0%
Pork meat: Frozen - the rest	9.24%	11.21%	15%	0.0%	0.0%	0.0%	10.0%
Meat & edible disposals from chicken, rooster, duck, turkey, swan: Fresh or refrigerated - thighs and legs	12.22%	11.83%	170%	0.0%	0.0%	120.0 %	170.0 %
Meat & edible disposals from chicken, rooster, duck, turkey, swan: Frozen - in paste	12.22%	10.41%	15%	0.0%	0.0%	10.0%	15.0%
FISH & SEAFOOD	3.90%	7.28%	0% - 15%	0% - 13%	0% - 15%	0% - 6.3%	0% - 10%
MILK & DAIRY PRODUCTS; EGGS; HONEY	- 25.00%	- 25.38%	0% - 60%	0% - 13%	0% - 15%	0% - 15.4%	0% - 40%
Milk and cream, concentrated: Whole with no sugar or sweeteners, in containers greater or equal to 5kg	11.42%	12.51%	60%	0.0%	0.0%	15.4%	20.0%
Cheeses and curd: Mozzarella	10.07%	12.88%	15%	0.0%	15.0 %	10.0%	0.0%
Cheeses and curd: Cheddar - in blocks or bars	8.43%	10.62%	5%	0.0%	15.0 %	5.0%	0.0%
Cheeses and curd: Other cheeses	9.62%	11.16%	15%	0.0%	15.0 %	10.0%	0.0%
VEGETABLES, PLANTS, ROOTS, TUBER	-22.52%	-23.05%	0% - 15%	0%	0% - 15%	0% - 10%	0% - 15%
Lentils	13.82%	12.11%	15%	0%	15%	0%	0%
Beans, common black	12.29%	11.59%	15%	0%	E	10%	10%
Onions, yellow	18.99%	10.78%	15%	0%	0%	0%	15%
FRUITS	- 27.00%	- 17.77%	0% - 15%	0% - 15%	0% - 15%	0% - 10%	0.0%
Grapes, including raisins: Fresh	-10.35%	11.49%	15%	32.0 %	E	0.0%	0.0%
Apples: Fresh	13.77%	12.80%	15%	32.0 %	E	0.0%	0.0%
COFFEE, TEA, HERBS, MATE, SPICES	14.40%	14.15%	5% - 15%	0% - 16%	0% - 15%	0% - 10%	0% - 15%
Cinnamon: without grounding or pulverizing	7.57%	10.16%	5%	0.0%	15.0 %	0.0%	0.0%
CEREALS	- 36.59%	- 30.68%	0% - 103.5 %	0.0%	0% - 15%	0% - 20%	0% - 62%
Wheat: hard	18.35%	15.11%	0%	0.0%	E	0.0%	0.0%
Maize: white	18.14%	11.05%	10%	0.0%	E	10.0%	0.0%
PREPARED MEAT, FISH AND SEAFOOD	15.30%	- 22.18%	5% - 15%	0% - 20%	0% - 15%	0% - 6.3%	0.0%
Stuffed products from chicken, rooster, duck, turkey,	9.52%	11.15%	15%	0.0%	15.0	0.0%	0.0%

¹¹ DAI: Import Tax

¹² IEC: Excise Tax

¹³ IGV: Value Added Tax

¹⁴ DAI MEX: Import Tax for Mexico

¹⁵ DAI DOM: Import Tax for Dominican Republic

swan					%		
Stuffed products from pork	9.69%	11.27%	15%	0.0%	15.0%	0.0%	0.0%
Other preparations of meat, disposals or blood: Pork - ham and pieces of ham	8.22%	10.32%	15%	0.0%	15.0%	0.0%	0.0%
Extracts and juices: Frozen tuna - cooked loin	9.24%	10.26%	15%	0.0%	15.0%	6.3%	0.0%
SUGAR & CONFECTIONS	14.23%	20.05%	0% - 55%	0% - 20%	0% - 15%	0% - 55%	0% - 55%
Confectionary items without cacao, including white chocolate: Bubble gum, even those covered in sugar	11.43%	14.09%	15%	20.0%	15.0%	0.0%	0.0%
Confectionary items without cacao, including white chocolate: The rest	18.97%	19.53%	15%	0.0%	15.0%	6.3%	0.0%
CACAO	11.38%	13.39%	5% - 15%	0% - 12%	0% - 15%	3.2% - 6.3%	0.0%
Powdered cocoa without sugar or sweeteners	9.18%	12.13%	5%	0.0%	15.0%	3.2%	0.0%
Chocolate and other nutritious preparations that contain cocoa: The rest, in tablets, bars, or blocks - with filling	10.70%	10.34%	15%	0.0%	15.0%	6.3%	0.0%
PREPARED FOODS W/ BASE OF CEREAL, FLOUR, MILK, STARCH; PASTRY PRODUCTS	26.25%	27.48%	0% - 15%	0% - 20%	0% - 15%	0% - 6.3%	0.0%
Modified milk	13.63%	16.29%	0%	0.0%	15.0%	0.0%	0.0%
Mixtures and paste for preparing pastry or bakery products	13.75%	11.15%	15%	0.0%	15.0%	6.3%	0.0%
Modified milk, in powder	13.96%	17.77%	0%	0.0%	15.0%	0.0%	0.0%
Cookies waffles and wafers, even with filling	-15.58%	12.23%	0%	0.0%	15.0%	0.0%	0.0%
Toasted bread and similar products	9.23%	10.10%	15%	0.0%	15.0%	6.3%	0.0%
PREPARED VEGETABLES AND FRUITS	20.81%	14.07%	0% - 15%	0% - 20%	0% - 15%	0% - 6.3%	0% - 10%
Tomatoes, prepared or conserved: Whole or in pieces	11.30%	10.00%	15%	0.0%	15.0%	0.0%	0.0%
Tomatoes, prepared or conserved: Concentrate	16.45%	14.27%	5%	0.0%	15.0%	0.0%	5.0%
Vegetables, prepared or conserved: Potatoes	14.53%	14.06%	15%	0.0%	15.0%	6.3%	0.0%
Fruit and vegetable juices: Apple juice	12.20%	10.86%	15%	9.0%	15.0%	0.0%	0.0%
VARIOUS PREPARED FOODS	14.94%	15.22%	0% - 15%	0% - 8%	0% - 15%	0% - 10%	0% - 10%
Instant Coffee	9.64%	12.36%	15%	0.0%	15.0%	6.3%	0.0%
Extracts, essences and concentrate of tea or herb concentrates, and preparations with these products	-6.92%	12.07%	15%	8.0%	15.0%	6.3%	0.0%
Yeast	11.23%	13.60%	0%	0.0%	15.0%	0.0%	0.0%
Prepared soups, preparations for soups	14.52%	12.81%	15%	0.0%	15.0%	0.0%	0.0%
Nutritious preparations, homogenized	11.44%	13.70%	15%	0.0%	15.0%	0.0%	0.0%
BEVERAGES, VINEGAR, AND ALCOHOLIC BEVERAGES	23.59%	16.77%	5% - 15%	0% - 42%	0% - 15%	0% - 10%	0% - 15%
Water, without gas	15.22%	12.53%	15%	0.0%	15.0%	6.3%	0.0%
Sodas, in plastic containers	13.78%	11.03%	15%	9.0%	15.0%	5.0%	0.0%
Sodas, in metallic containers	18.90%	16.01%	15%	9.0%	15.0%	5.0%	0.0%
Beverages based on water - sugared or sweetened, scented, produced from artificial concentrates of vegetables or fruits	20.10%	17.29%	15%	9.0%	15.0%	5.0%	0.0%
Ethyl alcohol - absolute, 80% vol	13.13%	10.95%	10%	42.0%	15.0%	6.3%	10.0%
PREPARED FOOD FOR ANIMALS	-25.67%	15.12%	0% - 15%	0.0%	0% - 15%	0% - 6.3%	0.0%
Food for dogs and cats	18.06%	15.94%	15%	0.0%	15.0%	6.3%	0.0%
Food for fish (not aquarium)	-22.67%	13.41%	15%	0.0%	E	6.3%	0.0%
Pre-mixtures for the production of complete or complementary food, with antibiotics and/or vitamins - for livestock, birds, and aquaculture	20.01%	17.97%	0%	0.0%	E	0.0%	0.0%
Pre-mixtures for the production of complete or complementary food - for livestock, birds, and aquaculture	10.27%	10.07%	5%	0.0%	E	3.2%	0.0%
TOTAL - ALL CATEGORIES	-36.05%	-24.80%	0% - 170%	0% - 42%	0% - 15%	0% - 120%	0% - 170%

A. Products Present in the Market with Good Sales Potential

The most sought after products by the population are:

- Sugar
- Rice
- Salt
- Vegetable oil
- Coffee
- Beans
- Tomatoes
- Simple bread
- Chicken meat
- White onion

B. Products Not Present in Significant Quantities with Good Sales Potential

Ready-to-eat meals, microwave foods and T.V.-dinners have good sales potential. It is important to recognize that this trend would mostly be picked up in the capital city. It is important to note that in Managua, only 39.1 percent of households have a refrigerator, while in the whole nation, only 20.6 percent of homes own one. However, there is still a niche for these kinds of foods. Noodle soups have had success on the market, partly because of their simplicity and convenience (microwave or stove top).

C. Products Not Present Because They Face Significant Barriers

Even though most import taxes (DAI) are between five and 15 percent, taxes for some “protected” products remain high:

Product	DAI	IEC	IGV	DAI MEX	DAI DOM
Poultry thighs and legs	170	0	0	120	170
Various kinds of poultry meat	30	0	0	30	30
Powdered milk	60	0	15	15.4	40
Whole milk	60	0	0	15.4	40
Skim milk	60	0	15	15.4	40
Rice	103.5	0	0	18.8	62
Sugar	55	0	15	55	55

Other products that would have low sales potential are rum and beer. Nicaraguan's like to drink locally produced beer (there are four kinds). Compared to international beers, local beers have good quality. Furthermore, Nicaraguan rums are internationally recognized. They are of higher quality and are relatively cheaper than imported brands.

V. POST CONTACT AND FURTHER INFORMATION**Key Contacts:****AMCHAM AND BILATERAL BUSINESS COUNCILS**

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NICARAGUAN TRADE OR INDUSTRY ASSOCIATIONS IN KEY SECTORS

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Annex

I.

Total Population Growth Rates						
<i>(Average annual rates per 100 inhabitants)</i>						
1980-1985	1985-1990	1990-1995	1995-2000	2000-2005	2005-2010	2010-2015
3.1	2.3	2.9	2.7	2.6	2.3	2.1
<i>Source: Cepal - Anuario Estadístico 2002</i>						

Population

Total Population									
<i>(Thousands of persons, at mid-year)</i>									
1980	1985	1990	1996	1997	1998	1999	2000	2001	2002
2 919	3 400	3 824	4 552	4 679	4 807	4 938	5 071	5 208	5 347
<i>Source: Cepal - Anuario Estadístico 2002</i>									

Total Population, by area of residence and sex, by department - projections for 2003									
Department	TOTAL			URBAN			RURAL		
	Both Sexes	Males	Females	Both Sexes	Males	Females	Both Sexes	Males	Females
The Republic	5,482,340	2,730,165	2,752,175	3,191,670	1,532,381	1,659,289	2,290,670	1,197,784	1,092,886
Nueva Segovia	212,557	106,780	105,777	104,669	50,756	53 913	107,888	56,024	51,864
Madriz	133,974	68,582	65,392	37,898	18,167	19 731	96,076	50,415	45,661
Estelí	214,399	106,020	108,379	124,705	58,639	66 066	89,694	47,381	42,313
Chinandega	439,986	219,731	220,255	273,039	133,127	139 912	166,947	86,604	80,343
León	395,251	196,576	198,675	232,493	111,140	121 353	162,758	85,436	77,322
Managua	1,374,025	667,426	706,599	1,276,525	612,682	663 843	97,500	54,744	42,756
Masaya	315,630	157,394	158,236	191,393	92,988	98 405	124,237	64,406	59,831
Granada	191,927	95,825	96,102	123,992	59,945	64 047	67,935	35,880	32,055
Carazo	178,818	89,575	89,243	109,614	53,540	56 074	69,204	36,035	33,169
Rivas	168,517	85,491	83,026	61,670	29,715	31 955	106,847	55,776	51,071
Boaco	169,443	84,830	84,613	55,158	25,069	30 089	114,285	59,761	54,524
Chontales	181,793	89,959	91,834	101,655	47,538	54 117	80,138	42,421	37,717
Jinotega	298,754	151,496	147,258	64,697	29,987	34 710	234,057	121,509	112,548
Matagalpa	485,537	244,098	241,439	179,537	84,676	94 861	306,000	159,422	146,578
RAAN	250,071	126,574	123,497	71,155	34,478	36 677	178,916	92,096	86,820
RAAS	376,548	190,275	186,273	160,652	79,168	81 484	215,896	111,107	104,789
Río Sn Juan	95,110	49,533	45,577	22,818	10,766	12 052	72,292	38,767	33,525
<i>Source: Instituto Nacional de Estadísticas Y Censos; Dirección de Estadísticas Sociodemográficas</i>									

Projections of Total Population

(Thousands of persons, at mid-year)

2005	2010	2015	2020	2025	2030	2035	2040
5 773	6 493	7 216	7 937	8 629	9 285	9 895	10 489

These figures correspond to the recommended projection, which involves the use of an average fertility hypothesis.

Source: Cepal - Anuario Estadístico 2002

Estimated Population, by Age Group, 2002

(Thousands of persons, at mid-year)

Total	Age groups							
	0-4	5-9	10-14	15-19	20-24	25-29	30-34	35-39
5 347	818	759	664	613	528	426	348	283

These figures correspond to the recommended projection, which involves the use of an average fertility hypothesis.

Source: Cepal - Anuario Estadístico 2002

Structure of the Total Population, by Age Groups

(Percentage of total population)

Year	Age groups				
	0-14	15-34	35-49	50-64	65 and over
1990	46.4	33.7	11.3	5.8	2.8
2000	42.6	34.5	12.9	5.8	3.1
2010	38.1	36.8	14.5	7.3	3.3
2020	32.4	36.8	17.6	9	4.3

Source: Cepal - Anuario Estadístico 2002

Percentage of Urban Population

(Percentage of total population)

1985	1990	1995	2000	2005	2010	2015
51.4	52.5	53.9	55.3	56.7	58.1	59.4

The term "urban" is defined as it is used in each country.

Source: Cepal - Anuario Estadístico 2002

Population in Locales with 20,000 or More and 100,000 or More Inhabitants (Percentage of total population)				
Localities with 20 thousand or more inhabitants		Localities with 100 thousand or more inhabitants		
1980	1990	1980	1990	
...	41	...	22.7	

The data refer to the year in which population and housing censuses were conducted in each country, e.i., around the year heading the column.
Source: Cepal - Anuario Estadístico 2002

Population in the Main Metropolitan Area & Two Main Metropolitan Areas (Percentage of total population)			
Metropolitan area	Population Growth Rate		
	~1980	~1990	1980-1990
Managua	21.2	18.8	3.0
Managua and León	24.2	21.7	3.0

Metropolitan area refers to the city in question plus the high density zones in its environments.
The data refer to the years in which population and housing censuses were conducted in each country; i.e., around the year at the top of the column.
Source: Cepal - Anuario Estadístico 2002

Economically Active Population (Thousands persons)						
1980	1985	1990	1995	2000	2005	2010
937	1 147	1 329	1 590	1 901	2 280	2 706

Refers to population aged 10 and over.
Source: Cepal - Anuario Estadístico 2002

II. GDP & GNP

Gross Domestic Product, at Current Market Prices (Millions dollars)										
GDP	1980	1985	1990	1995	1996	1997	1998	1999	2000	2001
Total	705	485.3	076.3	835.1	919.9	968.4	068.2	212.5	429.9	551.5
Per Capita	241.6	436.8	281.5	414.6	421.8	420.7	430.2	448.1	479.1	489.9

The series is based directly on information provided by the Central Bank of Nicaragua, National Accounts Department.
Source: Cepal - Anuario Estadístico 2002

Gross Domestic Product, at Constant Market Prices (Millions of dollars, at constant prices)												
GDP	At constant 1990 prices			At constant 1995 prices								
	1980	1985	1990	1990	1994	1995	1996	1997	1998	1999	2000	2001
Total	2	2	2	1	1	1	1	2	2	2	2	2
Per Capita	478.8	551.0	137.5	737.1	806.8	887.0	982.4	090.3	176.9	338.0	487.9	562.5
	848.6	749.5	558.5	454.3	420.2	426.3	435.5	446.8	452.8	473.5	490.6	492

Source: Cepal - Anuario Estadístico 2002

Gross Domestic Product, Growth Rates (Percentages based on values at 1995 prices)														
GDP	Annual Growth Rate												Average Annual Rate	
	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	1991-1995	1996-2000
Total	-0.4	0.8	-0.4	4	4.4	5.1	5.4	4.1	7.4	6.4	3	0.5	1.7	5.7
Per Capita	-3.1	-2.1	-3.3	0.9	1.5	2.2	2.6	1.4	4.6	3.6	0.3	-2.1	-1.3	2.8

Source: ECLAC, on the basis of official figures converted into dollars at constant 1995 prices.
2002: Preliminary estimates.