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GAIN Report

Global Agricultural Information Network

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Exporter Guide

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Report Highlights:

This Report is a general review of the Nicaraguan market (focused on food retail, food service, and food processing sectors) and its opportunities for consumer-oriented food and beverages and edible fishery products. Report includes business practices, local standards, regulations and procedures and identifies best high-value prospects.

Post:
Managua

Commodities:

Author Defined:

SECTION I. MARKET OVERVIEW

The Nicaraguan macro-economy remains stable and economic growth has been stable. Foreign direct investment and trade have shown improvement in recent years. The GDP in 2013 was US\$ 11.26 billion, with a real GDP growth of 4.6 percent. Per capita income is approximately US\$ 1,831. Price inflation was 5.7 percent in 2013. Food and beverage prices reduced significantly from 10.3 percent in the first semester of 2012 to 4.9 in 2013.

Nicaragua's population reached 6 million inhabitants in 2013. Fifty-one percent are females and 49 percent are males. It is a country of young people; the median age is 23 years old. Approximately 76 percent of the population is less than 39 years old. The Nicaraguan population grows at an annual rate of 1.2 percent. Life expectancy for Nicaraguans is near 74 years.

Distribution of wealth inequality and disparity of household consumption levels are significant. Nicaragua's Gini Coefficient is 0.36 (where 0 is the absolute equality and 1 is absolute inequality). The 80-20 rule very much applies to describe the Nicaraguan market. Twenty percent of the population own 80 percent of the nation's wealth and 80 percent of the population barely own 20 percent of the wealth. This results in limited purchasing power for most consumers. According to International Fund for Agricultural Development (IFAD) data, 42 percent of the Nicaraguan population lives in poverty, and 15 percent live in extreme poverty. Among the rural population, the overall poverty rate is 63 percent with 27 percent in extreme poverty. However, according to data from the World Bank, household consumption expenditure per capita growth (annual percent) was 1.8 percent in 2011 and 0.7 percent in 2012.

The Nicaraguan economy's principal sector is agriculture. It accounts for about 15 percent of the GDP and almost three-fourths of Nicaragua's exports. However, locally produced food is not sufficient to supply local demand, especially of processed foods. Most families in the rural areas depend on subsistence farming and agricultural activities, while families in the urban areas base their diets on food products that are not processed locally.

As a workforce, Nicaragua's population is characterized as flexible, with good working habits, and fast learners. As a market, it is a young market that offers opportunities for consumer-oriented and intermediate products. This is mainly because the industrial sector is not developed and does not satisfy domestic demand. Consumer-oriented products are attractive to the young and rising middle class segment. Consumption of processed foods, like sweetened-flavored soft drinks, processed sweets and snacks have grown in urban areas. This is related to consumer habits. The Nicaraguan diet is high on carbohydrates but low on proteins, vegetables and fruits. More than 65 percent of the local population's daily calories are derived from carbohydrates.

General perspective of marketing opportunities for high value consumer foods/beverages and edible fishery products

Nicaragua's imports of consumer-oriented products totaled US\$ 1.8 billion in 2013, where food products made up for 30 percent of the imports. The main exporters of consumer-oriented

products to Nicaragua are the United States, Mexico, Costa Rica and Guatemala. For food and beverages specifically, the Central American countries play an important role. Asia is increasing its exports of multiple consumer-oriented products, but their exports are not limited to foods.

The food retail, food service, and food processing sectors are growing. Supermarket chains have expanded and modernized. The number of restaurants has grown due to an increase in tourism. Nicaragua offers business opportunities in the tourism sector that are enhanced by attractive tax incentives. In comparison with other Central American countries, Nicaragua's processed food sector is very limited. This may be considered an opportunity for exporters as well as investors. Nicaragua offers good opportunities for consumer-oriented products, primarily food preparations, non-alcoholic beverages (sweetened and flavored), snacks (including cookies and wafers) and sweets, breakfast cereals and pastries.

Fisheries represent 10 percent of the GDP and the manufacturing sector represents 13.7 percent of the GDP. Shrimp production (farm and sea), lobster, and fish make up the fisheries production, which is mostly exported. Processed food, beverages (alcoholic and non-alcoholic) and tobacco are the primary activities that make up the 51 percent of the manufacturing sector in Nicaragua. Nicaragua offers good opportunities for products that are not of high-volume local production. Among the fisheries prospects are canned seafood products (tuna and sardines) for retail and fresh salmon, clams, mussels, and calamari for the HRI sector.

Overall business climate

The 2013 Doing Business Report provides quantitative measures of the business climate in 189 countries around the world. Overall Nicaragua ranks number 124 globally, and is number one in the Central American region regarding protection for investors, enforcing contracts and closing a business. It also received a good ranking for trading across borders. According to ProNicaragua, the business promotion agency, Nicaragua has managed to improve the business climate through successful interventions in the simplification of procedures in the state apparatus. In 2013, there were US\$ 1.4 billion of attracted foreign investment. This was a new record for the country, surpassing the previous mark achieved in 2012 of US\$ 1.28 billion. (8 percent increase).

Partnerships between U.S. and Nicaraguan businesses are common. U.S. companies seeking agents, distributors, or partners in Nicaragua can request export assistance from the U.S. Commercial Service, through an International Partner Search, Gold Key Service, or a Contact List through their nearest U.S. Export Assistance Center or the Economic/Commercial Section of the U.S. Embassy in Managua. In some cases, organizations such as the Nicaraguan Export and Investment Center (CEI), ProNicaragua, the American Chamber of Commerce of Nicaragua (AMCHAM), and the Chamber of Commerce of Nicaragua (CACONIC) may provide additional information on potential business partners.

The Nicaraguan Ministry of Development, Industry and Trade's (MIFIC) mission is to promote policies for sustainable economic growth and to help improve private sector competitiveness. MIFIC's institutional strategy is to promote integration into the international economy through the negotiation and administration of international agreements in the field of trade and investment. MIFIC also promotes free competition and consumer rights in the Nicaraguan market.

Key aspects of doing business in the country

The Civil and Commercial Codes provide the required legislative framework for the operations of a private company in Nicaragua. Nicaragua's Commercial Code governs the establishment of joint ventures, licensing arrangements, general and limited partnerships, and corporations. Law number

80 passed in 1990 and the subsequent regulations of 1999 set stipulations on public registry for partnerships, properties, and commercial transactions.

Partnerships or capital companies are registered in the Property Public Registry and Commercial Register (managed by MIFIC); the government will guarantee legal protection. The Government of Nicaragua operates a One-Stop Shop for Investment (VUI) within the Ministry of Development, Industry and Trade to streamline investment and business licensing. In general terms, to incorporate and register a company in Nicaragua, the following steps must be taken: 1) Draft Act of Incorporation, 2) Register at the Public Registry Office, 3) Register as Tax Payer and request a Municipal License. Registering a business is a relatively straightforward process. Foreign investors with investments above US\$ 30 thousand can register at the Ministry of Development, Industry and Trade (MIFIC) and obtain a foreign investor certificate, which is useful when applying for the Nicaraguan residency and for validating investment made in the country.

The Ministry of Finance and Public Credit (MHCP) regulates taxation and fiscal policy and the administration and collection of national taxes is entrusted to the General Revenue Department (DGI). The Taxpayer Registration Number, known as RUC grants individuals and companies the status of taxpayers to pay taxes to the government. It is issued by the General Revenue Department (DGI) and the Treasury Department. It is recommended to seek legal counsel before initiating the process of incorporating and registering a company in Nicaragua, in order to ensure that all documentation is prepared properly and to avoid inconveniences and setbacks.

Advantages and Challenges

Advantages	Challenges	Opportunities
Nicaraguan Importers trust the quality and wholesomeness of U.S. consumer-oriented products	Inflation in the food and beverages prices has increased significantly.	Existing Intermediary business with solid market knowledge and established distribution channels.
U.S. food products have excellent marketing presentation.	Some U.S. products are more expensive than substitute products available in Central America.	HRI Sector growth as a result of policies for tourism and investment growth.
Freight costs and contracts from the U.S. are lower for small markets such as Nicaragua.	Non-tariff barriers (SPS) with local customs especially for dairy and pork products. In some cases shipments may experience arbitrary delays from customs agents.	Expansion of the Supermarket chains.
Reduced tariff rates under the CAFTA-DR trade agreement.	Process of registering a product in Nicaragua can take over three months due to the limited capacity of the Ministries of Agriculture and Health.	Consumer demands for new innovative products, especially healthy products.
	Nicaragua does not have a port in the Atlantic, only one port in the Pacific. This forces businesses to bring in products through ports in	There is a Law for the Promotion of Foreign Investment with incentives such as: freedom to expatriate all capital and profits,

	Honduras and Costa Rica or via the Panama Canal. Central American roads may be dangerous and custom's processes at the border are slow. This may result in costs increase.	no minimum amount for investment, protection of intellectual property rights, patents and brands, and alternative resolutions methods for contractual disputes.
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SECTION II. EXPORTER BUSINESS TIPS

Local business customs

Importers must be registered as taxpayers. Once they have their taxpayer registration number (RUC), they must also register it with the Nicaraguan Customs Authority (DGA), Legal Affairs Division, where importers must present proof of fiscal solvency on a monthly basis. The Nicaraguan Customs Authority (DGA) maintains an online database of import tariffs, including tariffs applicable under CAFTA-DR. As a member of the Central American Common Market (CACM), Nicaragua applies a harmonized external tariff on most items at a maximum of 15 percent with some exceptions. Approximately 95 percent of tariff lines are harmonized at this rate or lower.

Importers must present the following documents to the Nicaraguan Customs Authority (DGA):

- bill of lading
- packing list
- original invoice
- declaration of invoice authenticity
- permits issued by Nicaraguan authorities
- certificate of origin (to determine applicability of CAFTA-DR and other trade agreements)

Importers normally hire custom broker's services to expedite the procedures with the Nicaraguan Customs Authority (DGA). The paperwork can be slow and businesses benefit from the expertise and existent working relationships these agents have. Two key websites where the Nicaraguan import requirements can be found are:

<http://190.212.165.220/cuarentena/siaucitini/wfinicio.aspx> and
http://www.minsa.gob.ni/index.php?option=com_remository&Itemid=52&func=select&id=1476

Food standards and regulations

Exporters must conduct the following key steps before shipping off to Nicaragua: 1) Ensure that the food products are registered at the Ministry of Health (MINSA), 2) have the importer request a permit from MINSA for the importation, 3) make sure to present a copy of the commercial invoice, sanitary certificate and certificate of origin at the border.

MINSA regulates processed food registration. The Direction of Food Control requires a certificate of free sale and a certificate of chemical analysis. To register food products, the petitioner must present a certificate of free sale issued in the country of origin by competent government sanitary authorities. Food products must have a current sanitary registry in the country of origin. Registration is valid for five years and can be renewed thirty days prior to expiration date by presenting all the requirements listed above. All documents presented in English must be translated into Spanish. Once MINSA registers a product, it will issue a certificate of free sale for mass distribution in Nicaragua. The registration process takes on average twenty-one days when all the required documents are presented.

There are two basic laws that authorize these ministries to supervise food imports: Basic law of Animal and Plant Health (Law No. 291), whose main objective is to prevent the propagation of pests and diseases, and the General Law of Health (Law No. 423), which covers all aspects related to human health, including food safety aspects of processed food imports. MAGFOR's General Division of Animal and Plant Health Protection (DGPSA) is the entity responsible of implementing law 291 while MINSA implements law 423.

Law 842 on the Protection of Consumer Rights now establishes that products must also have labels in Spanish. Products commercialized in the Autonomous Region of the Atlantic must have labels in Miskito language. This law also requires local food retailers not to sell expired products and imposes high fines on establishments where expired products are found. Finally, this law prohibits the commercialization of products undergoing experimental phases.

Nicaragua is a member of the Central American Integration System (SICA). Under SICA, Nicaragua has adopted several Central American Technical Regulations (also known as RTCAs) related to import procedures and food safety. Among the new Central American regulations that have been adopted by Nicaragua are: Technical Regulation on Food Additives (RTCA. 67.04.54:10), Technical Regulation on General Labeling of Prepackaged Food Products (RTCA 67.01.07.10) and Technical Regulation on Nutritional Labeling of Prepackaged Food Products for human consumption older than 3 years (RTCA 67.01.60.10). According to the Central American Technical Regulation on General Labeling of Prepackaged Food Products (RTCA 67.01.07.10), that entered into effect in July 2012, all imported food products must also have labels in Spanish.

Nicaragua, as part of the Central American Customs Union, also signed the Central American Technical Regulation on "Nutritional Labeling of Prepackaged Food Products for Human Consumption for the Population Older than 3 Years." This regulation requires listing nutrients such as total fat, saturated fat, carbohydrates, sodium, protein and (cuantitative or cualitative) energy value in the label of prepackaged food. Unlike the previous labels which only required listing the ingredients, the new labeling requirements must include nutritional value detailing portion size. It will apply to prepackaged food products that will be sold directly for human consumption in the Central American Region. Nicaragua does not have any general law on packaging and container requirements. Food service and warehouse type importers sell their products in larger size containers. Most retailers sell their products in sizes that are more convenient for consumers in terms of price and contents.

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

The following table shows the size (in US\$ value) of the top five sectors and the percentage of the total GDP.

Economic Sectors	% of the GDP in 2013
Free Trade Zones (textiles mostly)	22.77%
Agriculture, livestock, forestry and fishing	14.89%
Manufacturing industries	14.37%
Trade, Hotels and Restaurants	13.23%
Transport and Communications	7.43%

Source: ProNicaragua Official Investment Agency

HRI

The HRI sector offers good opportunities for sales. This sector has been growing constantly at an

average of 5 to 7 percent in recent years.

	2009	2010	2011	2012	2013
Hotel and Restaurants Services Output (US\$ Million)	539.99	572.51	599.98	641.07	673.18
Percentage Annual Increase		6%	5%	7%	5%

Source: Nicaraguan Central Bank.

About 85 percent of food service businesses import from the United States and about 10 percent from Asia. Within the HRI sector, 90 percent of the food service goes to the restaurants and about 10 percent goes to the hotels. The HRI sector is a strong customer of the local importers and distributors. They do not import directly, because of the low volume and because they'd rather build on the expertise of the importers and distributors. The largest hotels and restaurants have established working relationship with importers and very few times supply from the retail store. Smaller restaurants and hotels buy from the retail stores frequently.

Restaurants have largely grown due to the direct increase in both domestic and foreign tourism. There is a tendency for Nicaraguans from all economic levels to frequent restaurants as part of their social and family outings. Also the tourism government institution has strengthened its efforts to promote tourism internationally. Nicaragua has appeared in famous magazines over the last 3 years as one of the top destinations. According to daily newspaper La Prensa, there are there are over 11,970 hotel rooms in the main cities as of 2014. The average tourist spends an about of 40 to 50 dollars per day in lodging, food and drinks. The tourist that comes to Nicaragua is often referred to as the "backpacker" tourist, who travels with a low budget and seeks affordable prices. This creates the need for more hotels and restaurants to cater to this type of traveler. Owners often seek to reduce costs to maintain accessible prices and a fair quality of the products and services.

Food Retail

Supermarket chains have expanded in the country, especially those owned by Walmart (La Union, MaxiPali and Pali). There are 84 retail stores in Nicaragua: 8 La Union supermarkets located in Managua and in some main cities like Granada, Leon and Masaya, 65 Pali and 11 MaxiPali dispersed throughout the country. The Pali and MaxiPali are mid-range stores that target smaller cities (towns) and popular neighborhoods in Managua. Their customers seek quality at the lowest price before anything else and usually don't have a predominant preference over specific brands or products. La Union and La Colonia cater to a more upscale segment. These stores are often looking for new products to import and to learn about new trends.

La Colonia (Mantica Group) now has 13 supermarkets in Managua and in some of the main cities. There is one Pricesmart in Managua. Pricesmart is directed at medium and high income families who seek larger presentations (volume) at the benefit of saving and stocking up for their numerous family members. New convenient stores that cater to a segment with higher purchasing power such as Porta's, Stop and Go, and Economarket are becoming popular and are opening more establishments on the main entrances/exits to the city, especially in Carretera Masaya where there are many new residential developments.

More than 1,000 wholesalers and retailers (distributors) operate in Nicaragua. These have the capacity to reach many markets without the need of other intermediaries. They target both the modern supermarket chains and the traditional local markets. The expansion of the modern marketing channel exposes consumers to a greater variety of products. This means there is a higher demand of grocery items and that the purchasing habits show a trend towards more use of

supermarkets. More Nicaraguans now visit the larger supermarkets looking for a wider variety of products from which to choose. Per M&R Consumer habits polls the following chart shows the percentage of the population that visit each location:

Location (Spanish)	Location (English)	Percentage
Supermercado	Supermarket	82.60 %
Mercado	Local Market	46 %
Minisuper	Convenience store	2.70 %
Pulperia	Small Convenience Store	14 %
Verduleria	Small Grocery or General Store	13.9 %

Source: Nivel Socio-Economico Polls by M&R Consultores.

Food Processing

The Nicaraguan industry has been growing over the last years at an annual rate of 5-to 8 percent. In 2013, there is a decrease of processed meat (beef) that affected the total output production. The industrial products processed in Nicaragua are mainly cookies and crackers. The local supply of various food products, especially those in the consumer oriented groups is very limited. The Nicaraguan food industry is mostly involved in primary processing activities of local products for the export market. Very few snacks, chips, biscuits, and sugar confectionery are produced locally. This leaves good opportunities in the domestic market for foreign suppliers. Nicaraguan industries import high volumes of intermediate products such as additives and ingredients from foreign suppliers. The sector is still underdeveloped when compared with the rest of Central America.

	2009	2010	2011	2012	2013
Manufacturing Output of Food and Beverages (Millions of USD)	1,830.64	1,986.03	2,125.92	2,239.27	2,197.33
Percentage Annual Increase		8%	7%	5%	-2%

Source: Data Nicaraguan Central Bank.

The principal food products that make up the food industry in Nicaragua and their total growth from 2009 to 2013 are shown in the following chart:

Poultry meat	33%
Cattle meat	11%
Pasteurized milk	-7%
Sausage products	41%
Poultry food	143%
Thin crackers	35%
Sugar	36%
Alcoholic beverages	35%
Soft drinks	-21%

Source: Nicaraguan Central Bank.

Soft drinks' downward trend may not be related to reduced product demand but to the presence of imported soft drinks. Non-alcoholic Beverages (not limited to soft drinks but also including artificially flavored and sweetened) imported from the United States to Nicaragua have grown over the past five years but is still a small market for the United States, worth approximately US\$ 800 thousand annually.

The fisheries sector grew approximately 5 percent in 2013. This is mainly due to the increase of shrimp production (farm and sea) and an increase in the exports of fish and lobster in the last

years. Total 2013 fisheries production in Nicaragua was US\$ 163 million. Activities are mainly focused on the production of shrimp and lobster. Nicaragua also exports at a smaller scale products such as crab, scale fish, sea cucumber, red snapper, grouper, sea-bass, among others.

	2009	2010	2011	2012	2013
Output of Fishing Sector (Millions of USD)	135.14	131.02	128.98	155.03	163.31
Percentage Annual Increase		-3%	-2%	20%	5%

Source: Central Bank.

Domestic industry capacity versus availability of foreign supplied products

According to the Central Bank, Nicaragua has a positive balance in food trade. Food imports in 2013 totaled US\$ 546 million, while food exports (various agricultural products, seafoods, and processed goods) exceed US\$ 1.69 billion. However, the food production does not satisfy the food demand in terms of the variety needed for the average human diet. Most of the products found in the supermarkets come from Central American Countries and the United States. The United States is the top trade partner, followed by Guatemala, Costa Rica, Honduras, and El Salvador.

	2009	2010	2011	2012	2013
Consumer goods imports CIF (US\$ Million)	1,250.1	1,497.4	1,654.8	1,813.1	1,813.4

Source: Central Bank.

Total food production in 2013 (output) exceeded the US\$ 2.0 billion. Nicaraguan food production increased a total of 4.67 percent from 2001 to 2006 and a total of 5.61 percent from 2007 to 2011. Food production per capita also increased, by 3.23 percent from 2001-2006 and by 4.15 percent from 2007-2011. According to FAO Statistics In 2011, food imports of intermediate products such as vegetable oil, wheat flour and food preparations have increased.

In 2013 Nicaraguan fisheries imports rounded up to almost US\$ 9 million, versus US\$ 163 million of output in fisheries (total inland and marine production of fisheries for both export and local consumption). The following chart shows Nicaraguan exports of seafood, food manufactured goods, and agriculture and livestock during the last five years.

	2009	2010	2011	2012	2013
Output of Livestock activities (Millions of USD)	826.84657	845.56966	894.00777	858.0778	892.04454
Manufacturing Output of Food and Beverages (Millions of USD)	1,830.64	1,986.03	2,125.92	2,239.27	2,197.33
Output of Fishing Sector (Millions of USD)	135.14	131.02	128.98	155.03	163.31

Source: Central Bank.

Market Entry Strategy

The use of distributors is the most common way to import U.S products. Local distributors and agents generally handle distribution and sales of imported products through wholesale, self-service (supermarkets and convenience stores), and retail ("pulperia" stores and informal vendors) channels. The Nicaraguan retail market is relatively small, but exporters may benefit by identifying representatives with coverage in the main regions, which are divided in the Pacific, central and northern regions, and the Atlantic coast.

The Association for Distributors of Consumer-Oriented Products (ADIPROCNIC) represents

businesses that are intermediaries and distributors. Distributors have two common channels, retail and convenient stores known as the “modern channel” or traditional direct sales to HRI. Normally distributors are specialized; they focus on a specific type of distribution channel. Distributors have the capacity to operate the logistics necessary to get to smaller convenient stores all over the country.

Trends in promotional/marketing strategies and tactics

The Nicaraguan market is highly price-oriented. Buyer’s decision-making process is primarily influenced by price. It is very likely to find promotional products that offer more quantity (15-25 percent more) for the same price, or promotional combinations, such as a free sample.. Sampling of new products in the supermarkets is also a very common market entry strategy.

Marketing introduction strategies include but are not limited to advertising and publicity in local newspapers, magazines, radio, television, and road billboards. Since the majority of the population is considered poor and middle class, there is a lot of advertisement via radio. Radio is the number one means when trying to reach a broader audience. TV ads are also considered very effective. These are however, directed at a higher-income segment. Advertising for higher-income segments of the population can be found in newspapers, television, cinema, and cell phone text messaging.

Other popular means of promotion are billboards (used both in cities and rural areas), banners, printed flyers, and loudspeaker announcements. The latter ones are used more in the city and are more effective when a narrower target segment is defined. Publicity through the internet is limited although growing as the number of internet users increases. Nicaragua is the Central American country where access to internet is cheaper, thus resulting in a higher percentage of users.

Customer’s habits vary and can be generalized into two types of buyers:

a) Low-medium income segment are price driven and buy small presentations on a frequent basis. Because of their limited cash flow (associated with informal employment), they go to the stores and “pulperias” in their neighborhoods on a regular basis to get the products they need for the day. This group also seeks for products that are convenient in terms of accessibility (closeness and price) and in terms of rapidness and easiness to prepare.

b) Medium-high income customers who have higher purchasing power and seek quality, new trends in healthy products (light, fat-free, gluten-free), and value added to their product. These customers don’t necessarily do their shopping at only one store. They visit multiple stores in search of a variety of products.

SECTION IV. BEST CONSUMER ORIENTED PROSPECTS

Imports of processed foods from the United States to Nicaragua have grown from US\$ 63.5 million in 2009 to US\$ 99.5 million in 2014 (calendar yer). This is a market increase of 56 percent in the last five years. The following values are in thousands of dollars:

Code	Product label	2013 Imports (Sales in US\$ Thousands)	5-Yr Total Import Growth (\$ Sales)	5-Yr Avg. Annual Import Growth	Import Tariff Rate	Market Attractiveness / Key Constraints Over Market Development
'020329	Swine cuts, frozen nes (not	4,632	379%	76%	DAI 15%;	HRI sector growth.

	carcasses and shoulders cuts thereof)				0% for the U.S.	
'190490	Cereals,exc maize (corn),in grain form,pre-cookd or otherwise prepard	5,019	613%	123%	DAI 15%; 0% for the U.S.	There is growth in the demand of variety in the supermarkets.
'190120	Mixes & doughs for the prep of bakers' wares of heading No 19.05, nes	4,091	209%	42%	DAI 15%; 3% for the U.S.	Bakeries are growing and seeking to develop new products.
'210410	Soups and broths and preparations thereof	15,853	77%	15%	DAI 15%; 0% for the U.S.	There is growth in the demand of variety in the supermarkets.
'210390	Sauces and preparations nes and mixed condiments and mixed seasonings	15,317	51%	10%	DAI 15%; 0% for the U.S.	Growth in the demand of variety in supermarkets. HR I sector growth. Challenge is the competition with Central American Products.
'160100	Sausage&sim prod of meat,meat offal/blood&food prep basd on these prod	12,073	71%	14%	DAI 15%; 7% for the U.S.	HRI sector growth.
'210320	Tomato ketchup and other tomato sauces	11,765	34%	7%	DAI 15%; 3% for the U.S.	Growth in the demand of variety in the supermarkets. HR I sector growth. Challenge is the competition with Central American Products.
'170490	Sugar confectionery nes (includg white chocolate),not containg cocoa	20,847	48%	10%	DAI 15%; 7% for the U.S.	Products from the U.S. will find opportunities for upper scale consumers who seek variety.
'220290	Non-alcoholic beverages nes,excludg	26,271	119%	24%	DAI 15%; 5% for	There is growth in the demand of variety in the

	fruit/veg juices of headg No 20.09				the U.S.	supermarkets. Challenge is the competition with Central American Products.
'200410	Potatoes prepared or preserved other than by vinegar or acetic acid, frozen	5,389	166%	33%	DAI 15%; 0% for the U.S.	HRI sector growth. Potato chips industries seek varieties from the U.S.

FISHERIES PROSPECT

The best products are within the group of prepared and preserved fish products.

Code	Product label	2013 Imports (Sales in US\$ Thousands)	5-Yr Total Import Growth (\$ Sales)	5-Yr Avg. Annual Import Growth	Import Tariff Rate	Market Attractiveness / Key Constraints Over Market Development
'160413	Sardines, sardinella & sprats prepared or preserved, whole or in pieces, ex mincd	5,038	86%	17%	DAI 15%; 0% for the U.S.	There is growth in the demand of variety in the supermarkets.
'160414	Tunas, skipjack & Atlantic bonito, prepared/preserved, whole/in pieces, ex mincd	3,764	114%	23%	DAI 15%; 0% for the U.S.	There is growth in the demand of variety in the supermarkets.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

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Local chambers of commerce and business associations:

- Federation of Nicaraguan Business Associations (COSEP)
- Chamber of Industries of Nicaragua (CADIN)
- Chamber of Commerce of Nicaragua (CACONIC)
- National Association of Consumer-Oriented Products Distributors (ADIPROCNIC)
- National Chamber of Tourism of Nicaragua (CANATUR)
- Center for Exports and Investments (CEI)
- Association of Producers and Exporters of Nicaragua (APEN)

Trade and investment:

- Ministry of development, Industry and Trade (MIFIC)
- PRONicaragua investment promotion agency.

APPENDIX

TABLE A. KEY TRADE AND DEMOGRAPHIC INFORMATION

Agricultural Imports From All Counties (\$Mil) / U.S. Market Share (%)	632.2 / 37
Consumer Food Imports From All Countries (\$Mil) / U.S. Market Share (%)	473.3 / 12
Edible Fishery Imports From All Countries (\$Mil) / U.S. Market Share	1.7 / 35
Total Population (Millions) / Annual Growth Rate (%)	6 / 1.2
Urban Population (Millions) / annual Growth Rate (%)	3.5 / 2
Number of Major Metropolitan Areas	1
Size of the Middle Class (Millions) / Growth Rate (%)	2.4 / 1.1
Per Capita Gross domestic Product (U.S. Dollars)	1831
Unemployment Rate (%)	5.9

Per Capita Food Expenditures (U.S. Dollars)	568
Percent of Female Population Unemployed	3.1
Exchange Rate (US\$1 = X.X)	26.60

Note: The Imports data source was obtained from Nicaraguan customs (DGA) data and the U.S. market share was obtained based on BICO GATS data.

TABLE B. CONSUMER FOOD AND EDIBLE FISHERY PRODUCT IMPORTS

Nicaraguan imports of swine cuts account for a US\$ 4.6 million market, which is dominated by U.S. products and has grown 379% in the past five years.

Nicaraguan Imports of Swine cuts, frozen (not carcasses and shoulders cuts thereof) (US\$ Thousands)					
Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	968	1164	2438	3723	4632
United States of America	967	1164	2400	3688	4632

Source: ITC calculations based on UN COMTRADE stats.

Nicaraguan imports of cereals (cereal for breakfast except for corn cereals, and snack bars made of cereals) account for a US\$ 5 million market, where the U.S. is the number one exporter with a market share of 99 percent.

Nicaraguan Imports of cereals excluding maize (corn), in grain form, pre-cooked or otherwise prepared (US\$ Thousands)					
Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	704	552	1910	4660	5019
United States of America	681	521	1824	4593	4959
Chile	0	0	0	18	22
Germany	10	14	9	18	16
Italy	1	3	0	3	8

Source: ITC calculations based on UN COMTRADE stats.

Nicaraguan imports of mixes and dough for the making of baked products account for US\$ 4 million market, where the U.S. is the main exporter with a market share of 64 percent. This market has grown more than 200 percent in the last five years.

Nicaraguan Imports of mixes & dough for the preparations of bakers' wares (US\$ Thousands)					
Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	1324	1755	2476	3448	4091
United States of America	913	1410	1933	2686	2623
Costa Rica	286	189	329	419	687
Mexico	4	16	18	157	528

Guatemala	115	136	183	183	251
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Source: ITC calculations based on UN COMTRADE stats.

Nicaraguan imports of soups and broths (in bags and cans) account for up a US\$ 15.8 million market, which has grown 77 percent in the last five years. The United States is the top exporter with a market share of 55 percent of the imports, followed by other Central American countries.

Nicaraguan Imports of soups and broths and preparations thereof (US\$ Thousands)					
Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	8947	11234	13738	14654	15853
United States of America	3827	5582	6841	7593	8774
Guatemala	3923	4323	5368	5751	6290
Honduras	552	769	966	935	638

Source: ITC calculations based on UN COMTRADE stats.

Nicaraguan imports of sausages and similar products made with meat offal and blood account for a market of US \$12 million. This market is especially big for those sausages containing pork and chicken. The United States is the third exporter after Costa Rica and Guatemala, with a market share of 9 percent. The market has grown 71 percent in the last five years.

Nicaraguan Imports of Sausage and similar prod. of meat / meat offal/ blood, and food preparations based on these prod (US\$ Thousands)					
Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	7042	7947	9203	10559	12073
Costa Rica	4485	4983	6030	6420	7227
Guatemala	2007	2273	2404	3241	3706
United States of America	532	663	738	860	1098

Source: ITC calculations based on UN COMTRADE stats.

The Nicaraguan market imports of ketchup and tomato sauces totals US\$ 11.7 million. The leading exporters are the Central American countries of Costa Rica, Guatemala and Honduras followed by the United States. This market has grown by 34 percent in the last five years, were the United States has a 6 percent market share.

Nicaraguan Imports of tomato ketchup and other tomato sauces (US\$ Thousands)					
Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	8756	9511	11285	10928	11765
Costa Rica	6104	6296	6996	6863	7327
Guatemala	1793	1900	2678	2467	2992
Honduras	385	796	821	768	721
United States of America	438	492	592	609	688

Source: ITC calculations based on UN COMTRADE stats.

The Nicaraguan imports of sugar confectionary products are one of the largest groups. This market totals US\$ 20.8 million in imports. Although the markets leading exporters are within the Central American region, these products are popular candy. U.S. products target higher end consumers who are willing to pay for U.S. brands and varieties of chocolates, assorted candies, chewing candies, among many others. The U.S. has a market share of 4 percent within this group which has grown 48 percent in the last five years.

Nicaraguan Imports of sugar confectionary nes (including white chocolate excluding chewing gum and cocoa) (US\$ Thousands)					
Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	14069	16599	19930	21210	20847
El Salvador	3123	4810	7173	9111	7934
Guatemala	4530	4493	5497	4336	5564
Honduras	1827	2058	2061	3108	2492
Mexico	1349	1680	1811	1640	1852
Costa Rica	1046	1333	1479	1330	1087
United States of America	565	446	469	511	741

Source: ITC calculations based on UN COMTRADE stats.

The Nicaraguan market for non-alcoholic beverages is the a growing and promising for new products from the United States such as new energy drinks and new sodas that cater to a curious and young market segment. This group includes beverages with fruit pulp base and also new beverages developed using milk. The market totaled US\$ 26 million and has grown 199 percent in the past years, although the United States only has a 2 percent market share. Innovation and prices will be key for United States to compete with Central American countries.

Nicaraguan Imports of Non-alcoholic beverages nes, excluding fruit and vegetable juices (US\$ Thousands)					
Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	12022	13188	16850	21146	26271
Costa Rica	4685	5402	6526	7653	9608
Guatemala	1576	2405	4172	6574	7910
El Salvador	4499	4564	5324	5546	6239
Mexico	81	272	233	289	825
Korea, Republic of	0	0	0	33	810
United States of America	225	436	382	528	653

Source: ITC calculations based on UN COMTRADE stats.

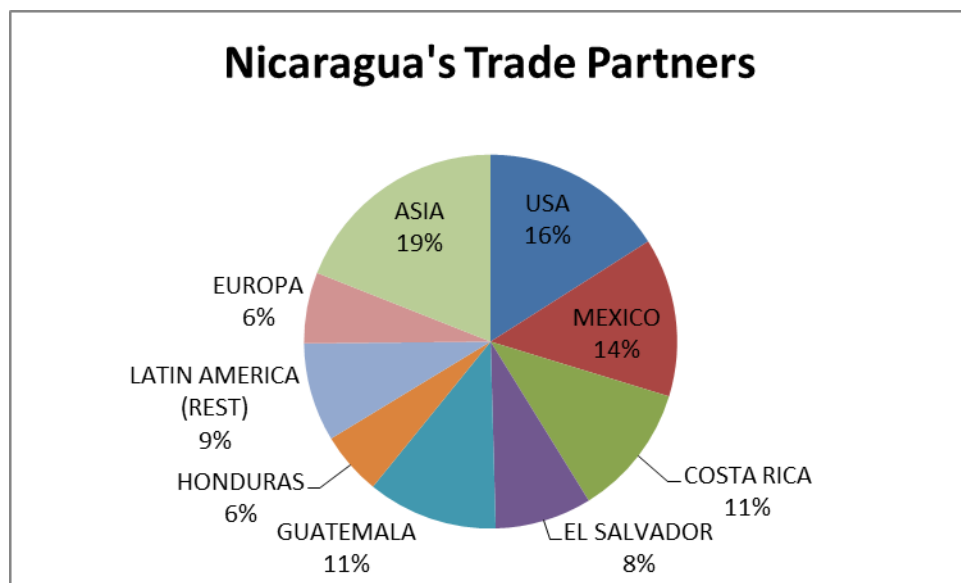
The Nicaraguan imports of frozen potatoes products present continuous opportunities for the U.S. Products for family consumption, HRI, as well as restaurants are on growing demand. Nicaraguan imports totaled US\$ 5.4 million, with the United States as the leading exporter for its many varieties and quality. The United States has a market share of 83 percent.

Nicaraguan Imports of Potatoes prepared or preserved other than by vinegar or acetic acid, frozen (US\$ Thousands)					
Exporters	Imported value in 2009	Imported value in 2010	Imported value in 2011	Imported value in 2012	Imported value in 2013
World	2025	2654	3404	4226	5389
United States of America	1745	2277	2890	3472	4477
Canada	244	368	486	580	654
France	0	0	0	126	240
Netherlands	36	0	0	40	18

Source: ITC calculations based on UN COMTRADE stats.

TABLE C. TOP 15 SUPPLIERS OF CONSUMER

According to the Nicaraguan Central Bank, the United States is the leading country exporting consumer goods to Nicaragua (15 percent market share). Asia has significantly increased its exports to Nicaragua. The data presented by the Central Bank is not limited to foods, but also includes items for personal use, such as electronics, clothes, among others. The following chart demonstrates how the Central American countries as a region dominate most of the Nicaraguan imports (38 percent market share).



Source: January- September 2014 data from the Nicaraguan Central Bank.