

**Voluntary Report** – Voluntary - Public Distribution

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**Report Name:** Record Exports At Risk Following Sham Elections

**Country:** Nicaragua

**Post:** Managua

**Report Category:** Agricultural Situation, Agriculture in the Economy, Country/Regional FTA's

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**Report Highlights:**

Strong global commodity prices and sustained Nicaraguan livestock sector growth helped propel U.S. agricultural exports to Nicaragua through September 2021 to new heights. However, industry sources anticipate deteriorating economic conditions following sham November elections could derail Nicaraguan agricultural sector growth as well as the record pace of U.S. commodity exports fueling it.

## U.S. Agricultural Exports to Nicaragua in 2021 to Shatter Previous Record High

Despite the COVID-19 pandemic and associated disruptions to global supply chains, U.S. agricultural exports to Nicaragua through September 2021 were \$333 million, up 84 percent over the same period in 2020 and shattering the previous record high annual U.S. agricultural export value.

**Table 1. U.S. Agricultural and Related Products Exports to Nicaragua** (January - October 2021)

Commodity	Value		Quantity	
	Million USD	% Change	MT	% Change
Corn	110	144	420,890	54
Soybean Meal	59	70	128,437	24
Rice	28	57	75,029	71
Pork & Pork Products	23	41	7,880	28
Cotton	20	543	10,020	455
Wheat	20	467	67,454	358
Dairy Products	12	17	4,175	-3
Poultry Meat & Prods. (ex. eggs)	11	114	7,447	78
Food Preparations	9	0	3,178	-10
Bakery Goods, Cereals, & Pasta	5	14	1,965	7
<b>Agricultural &amp; Related Products</b>	<b>333</b>	<b>84</b>	<b>747,377</b>	<b>56</b>

Source: U.S. Census Bureau Trade Data

Bulk commodities like wheat, corn, soybean meal, and rice led the export value surge in the first nine months of 2021, driven by higher commodity prices as well as sharply higher trade volumes supporting the expansion of cattle feedlots and egg production facilities. The remarkable 470 percent growth in U.S. wheat export value through September 2021 was primarily the result of limited exportable supplies of Russian wheat, which had almost completely displaced U.S. and Canadian wheat following a 2011 Government-to-Government arrangement that has provided competitively priced Russian wheat to Nicaragua. Other surging commodity categories like poultry meat and pork reflect the success of the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR), under which tariffs on even the most heavily protected sectors are scheduled to be completely eliminated by 2023.

According to industry sources, as of the writing of this report, the majority of U.S. agricultural exports to Nicaragua have been largely unaffected by the global supply chain crisis. More than 70 percent of U.S. exports through September 2021 arrived in Nicaragua as bulk or breakbulk commodities, rather than containerized freight, for which truck drivers, containers, and pallets have all been in short supply. U.S. containerized exports, typically those referred to as ‘consumer-oriented’ goods, have faced significant hurdles including 20-50 percent increases in transportation costs, delays up to 3 weeks waiting for limited supplies of truck drivers to haul loads, and perpetually scarce container supplies.

Apart from temporary operational disruptions at the port of New Orleans following Hurricane Ida, the largest challenge to Nicaraguan bulk commodity importers through October 2021 had been rising global prices. However, following sham elections in November, industry sources unanimously identified deteriorating economic conditions in Nicaragua as their primary concern moving forward, as they expect the continuing political crisis will negatively affect sales up and down the supply chain.

**Attachments:**

No Attachments.