

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT POLICY

Required Report - public distribution

Date: 12/23/2016

GAIN Report Number:

Nicaragua

Exporter Guide

Opportunities Abound for US Food Exporters

Approved By:

Erik W. Hansen

Prepared By:

Jimmy Bolanos

Report Highlights:

This report is a general overview of Nicaragua's food market (focused on food retail, food service, and food processing sectors) and the opportunities that exists for U.S. exporters of consumer-oriented food and beverages. The report also includes business practices, local standards, regulations and procedures and identifies best high-value prospects. Supermarket chains have expanded greatly in the country with Walmart leading the way with 84 stores. The expansion of the modern marketing channel exposes consumers to a greater variety of new and innovative products.

Post:
Managua

SECTION I. MARKET OVERVIEW

Market Overview

The Nicaraguan economy remains stable and economic growth has been constant. Foreign direct investment and trade have shown improvement in recent years with GDP in 2015 reaching \$12.6 billion, with a real GDP growth of 4.9 percent. Per capita income is approximately \$2,027 and price inflation decreased from 6.5 percent in 2014 to 3.05 percent in 2015 due to lower food and international oil prices. The Nicaraguan Central Bank forecasts a GDP growth of 4.5 percent for both 2016 and 2017. 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 the growing demand of processed foods. Most families in rural areas depend on subsistence farming and agricultural activities while families in the urban areas base their diets on imported processed foods.

Nicaragua's population reached 6.3 million in 2015. Fifty-one percent of the population is female and 49 percent is male. It is a country of young people; approximately 76 percent of the population is less than 39 years old. The Nicaraguan population grows at an annual rate of 1.22 percent and life expectancy for Nicaraguans is near 75 years. As a workforce, Nicaragua's population is characterized as predominantly young. 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.

Unequal distribution of wealth and disparity of household consumption levels are significant in Nicaragua. The 80-20 rule very much applies to describe the Nicaraguan market. Twenty percent of the population or fewer owns 80 percent of the nation's wealth and 80 percent of the population barely owns 20 percent of the wealth. This results in limited purchasing power for most consumers. According to the International Fund for Agricultural Development (IFAD) and the International Foundation for Economic Challenges Globally (FIDEG Nicaragua), approximately 40-42 percent of the Nicaraguan population lives in poverty with 15 percent living in extreme poverty. Among the rural population, the overall poverty rate is 63 percent with 27 percent living in extreme poverty.

On April 1, 2006, the United States-Central America-Dominican Republic Free Trade Agreement (CAFTA-DR) entered into force for the United States and Nicaragua. One hundred percent of U.S. exports of consumer and industrial goods now enter Nicaragua duty-free. Tariffs on most U.S. agricultural products will be phased out by 2024, with all tariffs eliminated by 2026.

The United States is Nicaragua's largest trading partner, the source of roughly a quarter of Nicaragua's imports and the destination for approximately two-thirds of its exports (including free trade zone exports). U.S. exports to Nicaragua totaled \$1.3 billion in 2015, including machinery, electric

machinery, mineral fuel, knitted or crocheted fabrics, vehicles and food industry residues and waste.

Total Nicaraguan exports to the United States were \$3.2 billion in 2015, including knit or crocheted apparel articles, electrical machinery, non-knit apparel, natural pearls, precious stones, coffee, meat and tobacco. Other important trading partners for Nicaragua include Venezuela, El Salvador, Costa Rica, Mexico and the European Union.

Market Challenges

- Weak governmental institutions, deficiencies in the rule of law, and extensive executive control can create significant challenges for doing business in Nicaragua, particularly smaller foreign investors.
- Importers and exporters alike have accused the Nicaraguan Customs Authority of regularly assessing excessive fines for minor administrative discrepancies.
- The Nicaraguan economy is small and purchasing power is limited for many consumers. Remittances-valued at \$1.19 billion in 2015-significantly increased incomes for Nicaraguans, as do government transfers.

Market Opportunities

- CAFTA-DR has provided market opportunities for U.S. exports to Nicaragua. The treaty has also provided opportunities for Nicaraguan exports to the United States, especially for meat, dairy, seafood, agricultural produce and processed foods.
- Expansion of the supermarket chains has increased consumer demands for new products, especially healthy products.
- Growth from the tourism sector has led to HRI sector growth.
- There is a Law for the Promotion of Foreign Investment that includes incentives such as: freedom to expatriate all capital and profits, no minimum amount for investment, protection of intellectual property rights, patents and brands, and alternative resolutions methods for contractual disputes.

Overall Business Climate

According to ProNicaragua, the official business promotion agency, Nicaragua has managed to improve its business climate through successful interventions in the simplification of procedures in the state apparatus. The World Economic Forum's Global Competitive Index for 2015-2016 ranked Nicaragua 108 out of 144 countries. In 2015, foreign direct investment accounted for \$1.22 billion, down from \$1.44 billion in 2014. The World Bank's Ease of Doing Business report ranked Nicaragua 127 out of 190 countries.

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, 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.

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 \$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 Nicaraguan residency and for validating investments 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 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.

General Perspective of Marketing Opportunities for High Value Consumer Foods/Beverages and Edible Fishery Products

Nicaragua's imports of consumer-oriented products increased from \$1.8 billion in 2013 to \$2.1 billion in 2015, 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, 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 continue to grow. 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.

Shrimp production (farm and sea), lobster, and fish make up fisheries production which is mostly exported. Processed foods, 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. Good prospects for the fisheries prospects are canned seafood products (tuna and sardines) for retail and fresh salmon, clams, mussels, and calamari for the HRI sector.

Table 1. Nicaragua: Advantages and Challenges for U.S. Exporters

Advantages	Challenges
Nicaraguan Importers trust the quality and wholesomeness of U.S. consumer-oriented products	Inflation in food and beverage prices has increased significantly.
U.S. food products have excellent marketing presentation.	Some U.S. products are more expensive than substitute products available in Central America.
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 frozen meats products. In some cases shipments may experience arbitrary delays from customs agents.
Reduced tariff rates under the CAFTA-DR trade agreement.	Process of registering a product in Nicaragua can take between three to six months due to the limited capacity of the Ministries of Agriculture and Health.
	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 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.

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 known as Sistemas Arancelario Centroamericano (SAC), 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 usually hire a custom broker's services to expedite procedures with the Nicaraguan Customs Authority (DGA). The paperwork can be slow and businesses benefit from the expertise and existing working relationships these agents have.

General Consumer Tastes and Preferences

- Nicaraguan consumers are familiar with U.S. products and brands, which are viewed favorably for high quality.
- Nicaragua is a young market that offers opportunities for consumer-oriented and intermediate products mainly because the industrial sector is not developed and does not satisfy domestic demand.
- 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.
- 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 which favor convenient processed products.
- The number of supermarket and Mom and Pop stores is growing rapidly in the country as a response to the increase in the purchasing power of consumers and gradual change in consumption patterns.

Food Standards and Regulations

Exporters must conduct the following key steps before shipping to Nicaragua. 1) Ensure that food products are registered at the Ministry of Health (MINSa). 2) Have the importer request a permit from MINSa for the importation. 3) 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 the competent government's sanitary authority and 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 the expiration date by presenting the documents 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 of the required documents are presented.

There are two basic laws that authorize Ministries to supervise food imports: Basic law of Animal and Plant Health (Law No. 291), that has as its main objective preventing 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 for processed food imports. The former MAGs General Division of Animal and Plant Health Protection (DGPSA) was the entity responsible of implementing Law 291 while MINSA implements Law 423. Currently the entity responsible for the implementation of Law 291 is the Nicaraguan Institute of Agricultural Protection and Health (IPSA).

Law 842 on the Protection of Consumer Rights establishes that products must also have labels in Spanish. Products commercialized in the Autonomous Region of the Atlantic must have labels in the Miskito language. This law also requires that local food retailers do not sell expired products and imposes high fines on establishments where expired products are found. Finally, Law 842 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. Some of the new Central American regulations that have been adopted by Nicaragua include: 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 for the Population Older than Three 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 Three Years.” This regulation requires listing total fat, saturated fat, carbohydrates, sodium, protein and (quantitative or qualitative) energy value on the label of prepackaged food. Unlike previous labels which only required listing ingredients, the new labeling regulations require nutritional value detailing portion size and applies to prepackaged food products sold 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.

General Import and Inspection Procedures

The Nicaraguan Institute of Agricultural Protection and Health (IPSA) is the agency responsible for the inspection of agricultural products at the border. The key legislation that establishes inspection procedures is COMIECO Ministerial Decree No. 338-2014 Sanitary and Phytosanitary Guidelines for the facilitation of trade in Central America. This Ministerial Decree classifies imported animal, plant and processed food products according to the sanitary and phytosanitary risk category they represent. If the imported product falls under the “A” category, the imported product must be inspected at the border because it is considered to be of high risk. If the imported product falls into the “B” (medium risk) or “C” (low risk) category, the imported products will be inspected randomly at the border. For more information about imported products and their risk category please refer to the following link: <http://visar.maga.gob.gt/visar/338-2014COMieco.pdf>.

When containers arrive to the border, importers must present the following information to IPSA: Import

permit, sanitary or phytosanitary certificate, certificate of origin and a copy of the commercial invoice. Additionally, the importer must present the bill of lading, packing list, original invoice, declaration of invoice authenticity, import permit and certificate of origin to the Nicaraguan Customs Authority (DGA).

SECTION III. MARKET SECTOR STRUCTURE AND TRENDS

Table 2. Nicaragua: Size of Top 5 Sectors, in Percentage of GDP

Economic Sectors	% of GDP
Agriculture, Livestock, Forestry and Fishing	15.14
Trade, Hotels and Restaurants	14.52
Manufacturing	13.13
Business and Professional Services	12.13
Government Services	9.67

Source: ProNicaragua Official Investment Agency.

Hotel Restaurant and Institutional (HRI)

The HRI sector offers good opportunities for sales in Nicaragua. This sector has been growing constantly at an average of 5 -7 percent in recent years with total sales of \$175.4 million in 2015.

Within the HRI sector, 90 percent of the food service business is dedicated to restaurants and about 10 percent hotels. The HRI sector is a strong customer of local importers and distributors. The HRI sector generally does not import directly because of low volumes and a preference to build upon the expertise of importers and distributors. The largest hotels and restaurants have established working relationships with importers and sometimes purchase supplies from retail stores. Smaller restaurants and hotels buy from 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 government institution in charge of tourism has strengthened its efforts to promote tourism internationally. In recent years, Nicaragua has appeared in famous magazines as one of the top tourist destinations. According to the daily newspaper *La Prensa*, there are over 11,970 hotel rooms in Nicaragua's primary cities as of 2014. There are two segments of tourists traveling to Nicaragua; one seeks the "backpacker" experience and the second segment seeks a luxurious and exotic getaway at a fairly reasonable price. The first segment travels on a low budget and seeks affordable prices. The second segment has been historically reduced, but it is growing as new resorts and vacation rentals become available. Per data from the Ministry of Tourism, the average tourist spends about 60 dollars per day in lodging, food and drinks. 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.

The growth of the tourism sector is creating good opportunities for high end consumer oriented products. In 2015, U.S. consumer oriented product exports to Nicaragua reached \$85.8 million, the highest export level since at least 1970.

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, and 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 do not 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) has 18 supermarkets located throughout Nicaragua and the U.S.-based o Pricesmart has two stores in Managua. New convenience 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 around Managua.

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.

Table 3. Nicaragua: Consumer Habits for Food Purchases

Location (English)	Percentage
Supermarket	82.6 %
Local Market	46 %
Convenience store	2.7 %
Small Convenience Store	14 %
Small Grocery or General Store	13.9 %

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

Food Processing

The Nicaraguan food processing industry has been growing in recent years at an annual rate of 5-8 percent. Industrial products processed in Nicaragua consist primarily of meats, sugar, 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.

Table 4. Nicaragua: Output for Selected Industries (in Million USD)

Industries	2013	2014	2015
Meat and Fish	1,114.3	1,251.9	1,260
Sugar	407.1	404.3	312.4

Dairy Products	336.7	378.8	418.8
Beverages	354	379.2	391.6
Other food of industrial source	796	831.2	778.4

Source: Nicaraguan Central Bank

Non-alcoholic beverages (including soft drinks, artificially flavored and sweetened beverages) imported from the United States to Nicaragua have grown over the past five years but Nicaragua remains a small market for the United States, worth approximately \$600 thousand, annually. Nicaragua is an important exporter of seafood products, including fish, shrimp and lobster. In 2015, seafood exports reached over \$192 million, a decrease of 5 percent compared to previous year but accounting for an overall increase of 15 percent in the last five years.

Domestic Industry Capacity vs Availability of Foreign Supplied Products

According to the Central Bank, Nicaragua has a positive balance in food trade. Food imports in 2014 totaled \$598 million, while food exports (various agricultural products, seafood, and processed goods) exceeded \$1.97 billion. However, domestic food production does not satisfy 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 trading partner, followed by Guatemala, Costa Rica, Honduras, and El Salvador.

Table 5. Nicaragua: Trade Data

Consumer Goods Imports CIF (in Million USD)	2011	2012	2013	2014	2015
	1,654.8	1,813.1	1,813.4	1,955.1	2.12

Exports of Processed Foods (in Million of USD)	2011	2012	2013	2014	2015
	879	1,026.4	956.5	1,089.6	1,016
Exports of Fisheries (in Million USD)	2011	2012	2013	2014	2015
	124.4	128.2	130.2	118.2	138.5
Exports of Agricultural Products (in Million USD)	2011	2012	2013	2014	2015
	663.7	824.4	639.2	761.8	730.9

Source: Nicaraguan 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 from 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 intermediaries and distributors. Distributors have two common channels, retail and convenience 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 convenience stores within the country.

Trends in Promotional/Marketing Strategies and Tactics

The Nicaraguan market is highly price-oriented. It is common to find promotional products that offer more quantity (15-25 percent more or “2 for 3”) for the same price, or promotional combinations that include free samples. The sampling of new products in supermarkets is also a very common market entry strategy.

Market entry strategies include but are not limited to advertising 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 are used more often 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 considered to be the Central American country with the cheapest access to internet, thus resulting in a higher percentage of users in the recent years.

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

a) Low-medium income segment are price driven and purchase small presentations on a frequent basis. Because of their limited cash flow (associated with informal employment), they frequent stores and “pulperias” in their neighborhoods on a regular basis to get the products they need for the day. This group also seeks 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 seek quality, new trends in healthy products (light, fat-free, gluten-free), and value-added products. 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

Nicaragua’s imports of consumer oriented food products from the United States have grown from \$49 million in 2011 to USD \$85.8 million in 2015. This accounts for a market increase of 75 percent over the past five years.

Table 6. Nicaragua: Food and Agricultural Import Data

Product label	2015 Imports Sales	5-Yr Total Import Growth %	5-Yr Avg. Annual Import	Import Tariff Rate	Market Attractiveness / Key Constraints Over Market Development
----------------------	---------------------------	-----------------------------------	--------------------------------	---------------------------	--

	in Million USD	of \$ Sales	Growth		
Pork and Pork Products	7.2	80%	16%	DAI 15%	HRI sector growth.
Dairy Products	21.7	141%	28.2%	DAI 15%	There is growth in the demand for imported products in supermarkets.
Fresh Fruit	4	33%	6.6%	DAI 15%	There is growth in demand for variety and higher quality of products in supermarkets.
Processed Vegetables	5.9	96%	19.2%	DAI 15%	
Chocolate and Cocoa Products	3.5	75%	15%	DAI 15%	Growth in demand due to a predominantly young population.
Prepared Food	19.2	92%	18.4%	DAI 15%	Growing demand for variety offered in stores.
Snack Foods NESOI	3.2	60%	12%	DAI 15%	Growth in demand due to a predominantly young population. There is competition from other Central American substitutes.
Wine and Beer	0.7	700%	140%	DAI 15%	Growing segment interest in U.S. wine and more options for imported beer.
Condiments and Sauces	2.2	120%	24%	DAI 15%	Growth in the demand for variety in supermarkets. HRI sector growth. There is competition with Central American Products.

Table 7. Nicaragua: Fish and Seafood Imports

Product label	2015	5-Yr Total	5-Yr Avg.	Import	Market
----------------------	-------------	-------------------	------------------	---------------	---------------

	Imports (Sales in US\$ Thousand)	Import Growth (% of \$ Sales)	Annual Import Growth	Tariff Rate	Attractiveness / Key Constraints Over Market Development
Fish fillets and other fish meat, whether or not minced, fresh, chilled or frozen	1,790	230%	46%	DAI 15%	HRI sector growth and increased demand for variety in supermarkets.
Mollusks, fit for human consumption, even smoked, whether in shell or not, live, fresh, chilled	305	263%	52.6%	DAI 15%	
Fish, fit for human consumption, dried, salted or in brine; smoked fish, for human consumption	134	211%	42 %	DAI 15%	

SECTION V. KEY CONTACTS AND FURTHER INFORMATION

USDA FAS Managua
U.S. Embassy, Managua, Nicaragua
Carretera Sur, Km 5.5
Phone (505) 2252-7100 Ext.7621
agmanagua@fas.usda.gov
FAS homepage: <http://fas.usda.gov>

Ministry of Health of Nicaragua (MINSA)
Food Department
Phone: 2289-4700 Ext. 1298
dra@minsa.gob.ni

Ministry of Health of Nicaragua (MINSA)
Product Registry
Phone: 2289-4700 Ext. 1298
eta@minsa.gob.ni

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. NICARAGUA: 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 / 1.22
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)	1904
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.

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.