



# Investor's Guide

Nicaragua





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# Presentation Letter

The Ministry of Development, Industry, and Commerce (MIFIC) and the Investment and Export Promotion Office (SPIEX) invite you to discover Nicaragua through the Investor's Guide 2024.

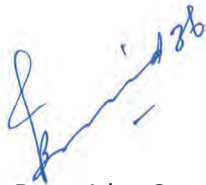
The purpose of this guide is to share with investors worldwide the numerous opportunities and competitive advantages that Nicaragua provides for the establishment and development of mutually beneficial businesses.

Nicaragua has a strategic geographical location, abundant natural resources, a pleasant climate, great tourist appeal, the warmth and dedication of its people, the best roads in Central America, a favorable business climate, and is one of the safest countries in Latin America, making it an excellent choice for visiting, exploring, and doing business.

In this guide, you will find information on macroeconomic data, public policies, the legal framework applicable to investments, incentives, economic and productive infrastructure, operating costs, procedures to establish and invest in the country, and institutions that provide support in investment processes.

Investors will find the Government of Reconciliation and National Unity (GRUN) to be a facilitator for their investments. Together, we achieve greater success!

We invite you to explore Nicaragua, a land of opportunities.



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# Abbreviations Index

**AFC:** Trade Facilitation Agreement  
**APPRI:** Reciprocal Investment Promotion and Protection Agreement  
**BPO:** Business Process Outsourcing  
**CIADI:** International Centre for Settlement of Investment Disputes  
**CNZF:** Free Zones National Commission  
**DAI:** Import Tariff Rights  
**DHS:** Sustainable Human Development  
**GRUN:** Government of National Reconciliation and Unity  
**IED:** Foreign Direct Investment  
**INVUR:** The Institute for Urban and Rural Housing  
**IR:** Income Tax  
**ITO:** Information Technology Services  
**IVA:** Value Added Tax  
**KPO:** Knowledge Process Outsourcing  
**MIFIC:** Ministry of Industry and Commerce Promotion  
**ODS:** Sustainable Development Goals  
**OMGI:** Multilateral Investment Guarantee Agency  
**OPIC:** Overseas Private Investment Corporation  
**PNLP-DH:** National Plan to Fight Against Poverty and Promote Human Development  
**RZF:** Free Trade Zone Regime  
**SGP:** Generalized System of Preferences  
**SPIEX:** Investment and Export Promotion Office  
**SSC:** Shared Service Centers  
**TLC:** Free Trade Agreements  
**VUCEN:** Single Foreign Trade Window  
**VUI:** Single Investments Window  
**VUZF:** Single Free Trade Zones Window

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# Why invest in Nicaragua?

## A robust economy

Since 2007, the Government of Reconciliation and National Unity (GRUN) has been consistent in its commitment to macroeconomic stability and the prudent and sustainable management of public finances, contributing to security, confidence, and certainty for national and foreign investment, for the peace of mind of the citizens, and the positive expectations of producers and consumers.

This has helped in retracing our steps toward progress, strengthening our efforts to fight for social welfare, the common good, and poverty reduction.

According to the work guidelines of the Republic's Presidency, Nicaragua has consistently improved in all three levels of expenditure and investment orientation over the past 17 years:

**Early years of government spending and investment:** The primary objective was to prevent the economic and essential public services from collapsing, a legacy of the neoliberal governments. Various factors contributed to this, including the privatization of the education and health systems, the widespread deterioration of the road and transportation infrastructure, the decapitalization of the entities providing electricity and clean water services, and the financial system reform, which resulted in the closure of state banks, leaving producers without credit options.

**Government spending and investment on stabilization:** Resources were directed towards meeting the demand for public goods and services, which became free for the entire population of the country.

- **Government spending and investment on growth:** Resources were directed to increase productive capacity, stimulate consumption, boost future trade, and strengthen preventive financial reserves.

The GDP reached US\$17,829.2 million in 2023, an increase of 4.6%, and settled into a pattern of continuous medium-term expansion.

This dynamism was driven by the good performance of most economic sectors, domestic demand, and favorable conditions for external flows, which positively influenced the expectations of economic agents.

The Central Bank of Nicaragua's (BCN) Macroeconomic Outlook Report states that the country's economy continues to show strong performance in the first quarter of 2024, continuing the upward trend set in 2023. In particular, the data from the Monthly Index of Economic Activity (IMAE) show that the economy continues a path of sustained growth, with most activities expanding. Similarly, both internal and foreign conditions continue to be favorable for expected economic growth in 2024. Therefore, with a low unemployment rate, the labor market is stable, national inflation is gradually decelerating, partly due to diminished external pressures, and financial intermediation remains dynamic, with deposits and credit expansion at double-digit rates. In other words, Nicaragua can receive a consistent flow of resources due to the government's establishment of a favorable fiscal environment and the external sector's reduced disruptions.

Furthermore, Nicaragua's exchange rate strategy establishes a fixed depreciation of its currency versus the dollar. It is important to point out that the GRUN has authorized freezing the exchange rate for the whole year 2024 (annual percentage).

Nonetheless, the worldwide landscape presents hazards stemming from geopolitical tensions and strict financial conditions within persistent global inflation. Despite these threats, the Nicaraguan economy has established a steady development trajectory and has strengths resulting from a suitable macroeconomic policy framework, enabling it to be better positioned to confront unanticipated circumstances.

Exports had an average growth rate of 6.7% over the past 13 years. In the year 2023, there was a 2.4% decrease in exports compared to 2022, totaling US\$7,543.3 million, mainly caused by external factors such as the slowdown in the global economy, which led to a reduction in the demand for domestic products, with the manufacturing industry in free trade zones being the most affected.

It is important to highlight that exports maintained their growth (4.0%) with a value of 4,034.2 million dollars, driven mainly by the mining sector, dairy products, sugar, and beef. Additionally, the rise in export prices (6.0% per the export price index) for items such as beans, unprocessed tobacco, sugar, dairy, molasses, and gold is significant, driven by strong demand from trade partners such as Canada, Central America, and Mexico.

The investment was mostly allocated to the industrial sector at 33.5%, commerce and services at 27.4%, energy and mining at 20.7%, and the financial sector at 14.0%.

Nicaragua has successfully diversified the sources of foreign direct investment (FDI), attracting investments from 58 countries. The primary investors include the United States, contributing US\$269.6 million (21.9%), Panama with US\$233.2 million (19.0%), Barbados at US\$120.5 million (9.8%), and Mexico with US\$103.2 million (8.4%).

## Gross Domestic Product (GDP)

On March 22nd, 2024, the Central Bank of Nicaragua (BCN) released the 2023 Gross Domestic Product (GDP) statistics, indicating that economic activity exhibited dynamism and development, with real GDP growth recorded at 4.6 percent, compared to 3.8 percent in 2022. The GDP amounted to 649,717.6 million córdobas, reflecting an increase of 15.7 percent. The GDP in dollars was 17,829.2 million, while the GDP per capita was 2,608.3 dollars, reflecting a 12.8% increase compared to 2022.

From the approach production, perspective, the majority of activities demonstrated positive performance, with the most significant growth rates noticed in the business sectors of hotels and restaurants (23.3%), mining and quarrying (12.8%), electricity (12.7%), construction (8.1%), commerce (7.2%), transportation and communications (4.6%), financial intermediation (4.6%), water (3.9%), other services (3.5%), and manufacturing industry (2.2%); oppositely, decreases were observed in agriculture, fishing, and aquaculture activities.

## Geostrategic location

Nicaragua is in the heart of the Americas, right in the center of Central America and just a few hours away from the main cities of the United States, Central America, and South America. The country's 130,373 km<sup>2</sup> is divided into three regions: the Caribbean Coast, the Central Region, and the Pacific Region. Each region has its own unique climate and soil type, making it excellent for growing different kinds of products.

Among the many advantages of Nicaragua's strategic position are:

- **Access to international markets:** Nicaragua has strategic access to significant worldwide markets due to its trade agreements, particularly DR-CAFTA and bilateral trades with countries in Latin America and Asia. This ensures advantageous terms for exports to markets like the United States, the European Union, and the People's Republic of China.



- **Investment opportunities:** Recognized as one of the safest countries in the region, it offers a stable environment with competitive tax incentives for industries such as agribusiness, manufacturing, and outsourced services, among others.
- **Tourism:** Nicaragua's strategic position in Central America makes it an accessible and unique tourism destination. Tourists may experience the distinctive benefit of traveling from the golden beaches of the Pacific, suited for surfing and adventure, to the serene seas of the Caribbean, suitable for diving. In addition, the remarkable diversity of landscapes, from volcanic islands and natural reserves to colonial capitals, can be explored in a short amount of time, offering a one-of-a-kind travel experience.

## Quality of life

Nicaragua is a country that presents great business opportunities and stands out as an attractive place to live; an amazing country that offers safety and a high quality of life at very affordable costs. The country has one of the lowest homicide rates according to insight crime data in 2023, which makes it one of the safest countries in all of Latin America.

It has a fantastic real estate market and is home to a diverse and multilingual population. The people who live here are known for their warmth and friendliness. The country's abundant natural attractions, including its volcanoes, beaches, lakes, and reserves, have contributed to a surge in tourism.

Nicaragua offers many residential options, houses, apartments, and condominiums with communication and comfort services at different price ranges. Furthermore, there are no restrictions on the purchase of real estate since the legislation protects equal rights for both nationals and foreigners.

Nicaragua is recognized as the seventh-best country in the world in terms of gender equality and the only country in the Latin American region to be included in the top 10, according to the World Economic Forum's 2023 Global Gender Gap Report. This consecutive achievement for more than 10 years demonstrates the country's commitment to achieving a peaceful society and sustainable development.



## Market Diversification

Nicaragua has signed over twenty bilateral investment protection agreements with countries in North, Central, and South America, as well as Europe and Asia. Fifteen of the signed bilateral agreements are presently in effect.

The country has signed several treaties for alternative dispute resolution, including The International Centre for Settlement of Investment Disputes (ICSID), Multilateral Investment Guarantee Agency (MIGA), Overseas Private Investment Corporation (OPIC), United Nations Commission on International Trade Law (UNCITRAL) / New York Convention 1958, Inter-American Convention on Commercial Arbitration Panama.

Furthermore, the Mediation and Arbitration Law (Nº540) establishes two alternative methods to the Judicial means route for quickly resolving contractual disputes.

## An Investment-Friendly Government

The Government of Nicaragua, aware of the stage of industrial and technological development the country is in, recognizes the positive impact of foreign direct investment (FDI). This can encourage investments in the country's development:

**Stable and predictable fiscal policy:** A stable fiscal policy has been maintained in recent years, with a controlled fiscal deficit and sustainable public debt. This inspires trust in investors, who recognize the government's commitment to fulfilling its obligations and ensuring economic stability.

• **Favorable legal framework for investment:** The country offers a legal framework designed to attract and protect foreign and national investment, which includes a system of fiscal and customs incentives. Within this legal framework, the Foreign Investment Promotion Law (Nº 344) stands out, which establishes benefits such as the free convertibility of currency, the freedom to repatriate capital and profits, ensuring equal treatment for foreign and national investors, and the full protection of property rights; and the Industrial Free Trade Zones Law (Nº917) for companies interested in establishing operations aimed at the export of goods and service.

Our legal framework also counts with specific laws for economic sectors such as the Temporary Admission for Active Improvement of Export Facilitation Law (N°382), Special Law on Exploration and Exploitation of Mines (N°387), Law for the Promotion of Electric Generation from Renewable Sources (N°532), General Tourism Law (°1210); as well as bilateral agreements for the protection of investments by the Mediation and Arbitration Law (N°540). Moreover, the government has taken measures to simplify administrative procedures and reduce bureaucracy, which facilitates investment in the country.

**Adequate infrastructure development:** Nicaragua has made significant investments in infrastructure in recent years, which has improved the country's connectivity and facilitated trade and investment.

**Skilled and competitive workforce:** Nicaragua has a skilled and competitive workforce, with a relatively low labor cost. This makes the country attractive to companies looking to reduce their production costs.

Specifically, the Government of Nicaragua (GRUN) has implemented a series of measures to promote investment, among which the following stand out:

- The Public Investment Program (PIP), which establishes a framework for the planning and execution of public investment.
- The Investment Promotion Law, which offers tax and customs incentives to foreign investors.
- The simplification of administrative procedures for investment.
- Investments in infrastructure, such as roads, ports, airports, and telecommunications.

All of the above is possible thanks to a Government that promotes investments, seeking shared benefits and success for everyone, contributing to the creation of wealth and the sustainable human development of our people.

## A governance model that promotes sustainable human development

The Government of Reconciliation and National Unity (GRUN) has advocated for a new model of development that prioritizes human beings and their needs, drawing inspiration from "Christian values, socialist ideals, solidarity, democratic and humanistic practices, as universal and general values, as well as the values and ideals of Nicaraguan culture and identity," as stated in Article No. 4 of the Political Constitution.

In line with its guiding principles, this model encourages international relations and collaboration, thereby contributing to Nicaragua's sustainable human development and foreign direct investment (FDI) growth.

Nicaragua's substantial progress in **enhancing sustainable human development has been the outcome of a Model of Alliances, Dialogue, and Consensus**, a profound shift in the nation's perspective on the state's role in the economy as a facilitator of productive activity through the promotion of public and social policies under a permanent dialogue in the search for consensus between the business sector and workers. As stated on the Article No. 98 of Nicaragua's Political Constitution, the message is very clear, the main function of the state in the economy is "to achieve sustainable human development in the country; to improve the living conditions of the people; and to carry out an increasingly fair distribution of wealth in the pursuit of good living."

# How is Nicaragua?

## General Information

Capital	Managua
Official language	Spanish
Standard time zone	UTC/GTM - 6 hours
Country code	(+505)
Temperature	Between 20°C and 28°C
Territorial extension	130,373.4 Km <sup>2</sup>
Coastline extension	910 Km
Currency	Córdoba (C\$)
Exchange Rate	C\$36.62 / US\$1

## Macroeconomic data

GDP	US\$17,829.2 millions
GDP Growth	4.6%
GDP per capita	US\$2,620.4
Foreign Direct Investment (FDI)	US\$2,534.5 millions
Exports	US\$7,543.3 millions
Annual Inflation Rate	5.6%
Unemployment Rate	3.4%
Underemployment Rate	39.5%

## Productive Infrastructure

Through strategic initiatives, Nicaragua is attempting to modernize its infrastructure to increase the region's and the nation's connectivity with the outside world and establish itself as a destination for exports and investments. Below is a full description of Nicaragua's road, airport, port, and electrical infrastructure as well as its productive structure.

## Road Infrastructure

Nicaragua can reach its neighboring nations by land in less than twenty-four hours. Part of a road system that links the nation's major cities, the Panamericana Highway is the most crucial route for the transit of land commodities. It is important to emphasize that Nicaragua has the best roads in Central America, and ranks fifth in all Latin America, according to the Global Competitiveness Index 2017-2018 by the World Economic Forum.

### Costanera Highway

With a length of 141 km, along the entire territory by the Pacific Ocean strip, connecting the main coastal communities with high tourist value, from Masachapa in Managua to El Naranjo beach in Rivas, which will improve the efficiency of land transportation, making internal and interregional trade more dynamic, as well as promoting tourism for the economic and social development of Nicaragua.

## Airport Infrastructure

Currently, 7 international airlines and one national airline operate in the country: American Airlines, United Airlines, Spirit Airlines, Copa Airlines, Avianca, Aeroméxico, CONVIASA, and La Costeña. The most important airport is Augusto C. Sandino International Airport, located in the city of Managua.

### Project Development for Punta Huete International Airport's Reconstruction, Extension, and Enhancement

Located in San Francisco Libre in the city of Managua, it is a public investment of 499 million dollars that will be executed over the next 4 years, creating conditions to facilitate tourism and foreign trade on a global level. Within the framework of the Belt and Road Initiative, this new 4F category airport will serve 3 million passengers, over 30,000 flights, and 60,000 tons of cargo per year, which will meet the demand for transcontinental flights, reducing travel time as well as costs.

Its construction will meet the highest quality standards regulated by the International Civil Aviation Organization (ICAO), which will allow Nicaragua's potential location to be developed and integrated into global routes as a logistics platform.

## Port Infrastructure

Nicaragua has key port infrastructure for international trade:

- **Corinto Port:** The nation's main port is situated 155 kilometers from the capital in the northwest of the country. Nicaragua is a perfect distribution hub for Central America.

Currently, the Expansion and Modernization Project of the Corinto Port is underway, aimed at improving technical and operational capabilities; the project includes a new multipurpose dock, reorganization of the port facility, a general cargo yard, a new bulk cargo dock, and a modern logistics center that will provide the capacity to handle 82 million tons of goods per year.

The First Direct Maritime Commercial Route between Nicaragua and China was also opened in June 2024, connecting the ports of Tianjin and Corinto. In other words, it links China and Nicaragua through the Pacific Ocean, which suggests that goods will take less time to transport and, consequently, cost less. This helps to facilitate trade and national competitiveness and even plays a significant role in making Nicaragua a regional commercial hub for China. The above represents a historic milestone in the development of trade relations, becoming an important pillar for the full utilization of the Nicaragua-China Free Trade Agreement, which came into effect at the beginning of the current year 2024.

- **Sandino Port:** It is mostly utilized for handling petroleum products and bulk freight, and it is also situated on the Pacific coast. It serves as an alternative to the Corinto port.
- **El Bluff Port:** Located in the Caribbean region, it is primarily used for the export of products such as seafood and bananas. Although it is smaller than the Pacific ports, it has strategic importance for trade with the Caribbean and the Atlantic.
- **Arlen Siu Port:** This river port is in the Autonomous Region of the South Caribbean Coast. It is connected to Bluefields and is crucial for the export of agricultural and wood products from the region to the rest of the world.

## Energy Infrastructure

The energy sector in Nicaragua has been developing with great dynamism in recent years, with significant public and private investments at the national level.

As a result, there has been a 138% increase in the effective installed capacity from 2010 to 2024, with the current effective installed capacity being 1946.06 megawatts (MW). During this same period, there has been a transition to renewable energy sources, which constitute 80% of the generation energy matrix, a number that exceeds the target by 10 percentage points. Currently, the national electricity coverage is 99.53%, and the expectation is that it will be 99.57% by the end of 2024, **positioning the country as the one in Central America with the highest electricity coverage.**

## Operating costs

Operating costs in Nicaragua are highly competitive and represent a great advantage for investors:

### Water

Average company with consumption greater than 50 m<sup>3</sup> per month

US\$0.40 / m<sup>3</sup>

### Electricity

Average industrial company with a monthly consumption of 200 kW

US\$0.18 / kWh

### Telecommunications

Average cost of international calls to the United States and Canada

US\$0.20 / min

### Internet

Approximate cost of mobile data business package

US\$24.14 / 30 GB

### Maritime Transport

Estimated logistic cost for shipping from Managua to Los Angeles, California

13 days / US\$3,122

Costo Logístico estimado de carga desde Managua hasta Port Everglades, Florida

27 days / US\$3,507

### Office Space

Average cost of office space in Managua

US\$14.8 / m<sup>2</sup>

## Real Estate costs

The cost of real estate in Nicaragua, whether rural, industrial, or corporate properties, is competitive and consistent with the opportunities and benefits they offer. In the following table, there are reference prices used to estimate the costs of acquiring or renting a property in Nicaragua.

	Types of Properties		
	Rural	Industrial	Corporate
<b>Average Rental Price</b>	—	US\$3 a US\$8 x m <sup>2</sup> constructed + US\$1 a US\$3 x m <sup>2</sup> as maintenance fee + VAT	US\$9 a US\$20 x m <sup>2</sup> + US\$1 a US\$3 x m <sup>2</sup> as maintenance fee + VAT
<b>Average Sales Price</b>	<p><b>Western Zone:</b> US\$3,000 – US\$7,500 x Mz</p> <p><b>Southern Zone (Rivas):</b> US\$3,500 – US\$8,000 x Mz</p> <p><b>Central Pacific Zone:</b> US\$2,500 – US\$7,000 x Mz</p> <p><b>Atlantic and Central Zone:</b> US\$1,500 – US\$3,000 x Mz</p> <p><b>Northern Zone:</b> US\$10,000 x Mz</p>	<p>Minimum Value: US\$50 x v<sup>2</sup></p>	US\$2,200 – US\$2,500 x m <sup>2</sup>

It is advisable to perform due diligence on the property and have real estate agents who are properly registered with INVUR accompany you before beginning a real estate transaction for the purchase or rental of a property.



# How is foreign investment regulated in Nicaragua?

According to the GRUN, foreign direct investment is a key factor in the country's development since it provides the opportunity to quickly create jobs, transfer technology and knowledge, and bring in new capital. For this reason, it dedicates efforts to its promotion and implementation in the national territory through various policies.

One of these policies corresponds to the National Plan for the Fight Against Poverty and Human Development 2022-2026, which contains transformative strategies and actions that reaffirm the path of economic growth with a reduction in poverty and inequalities.

This plan comprises 12 strategic guidelines that continue the successful policies, programs, and projects developed in health and sanitation, education, access to housing, and in favor of economic growth through the construction and development of infrastructure, human talent, and the promotion of national and foreign investment in activities with the greatest potential in the immediate future.

In particular, the guideline **"Macroeconomic stability, prudent management of public finances, and sustained and sustainable economic growth, always inclusive and equitable, raising more employment and quality jobs for the prosperity of all"; includes the action of "Promoting, facilitating, and attracting more national and foreign direct investment in key areas and economic activities with potential in the short run".**

Attracting private investment is fundamental to national economic growth objectives, as it stimulates the economy and contributes to job creation. Based on this, the GRUN outlines monetary and fiscal policies to maintain national macroeconomic stability, with sustained production growth and stable inflation (anchoring inflation expectations through the current exchange rate regime), which allows for greater certainty about the value of money over time, as well as the real return on investment projects and future consumption.



Additionally, the Government promotes and facilitates the establishment of new productive private investments and export services through incentive programs, the development of promotional activities, the facilitation of analysis, familiarization, and key contact information within the country, encouraging reinvestment and expansion of established companies in the country, advancing the simplification of bureaucratic procedures, among others. The facilitation of investments in the process of establishing and operating projects allows for feedback between the public and private sectors regarding process improvement and communication between the government and investors.

According to the PNLCP-DH, in the period 2022-2026, "the Government will promote and facilitate the establishment of new productive private and service investments oriented towards export, both national and foreign, with an estimated earned investment of US \$336.0 million and the generation of 10,651 quality jobs, which contributes to poverty reduction".

The GRUN also promotes the National Plan for Production, Consumption, and Trade (PNPCC) for the 2024-2025 period, which is framed within the PNLCP-DH 2022-2026 policies, and contains the policies, projections, and goals for production and exports, as well as the main promotion and support actions, which will be implemented in a coordinated and complementary manner by the institutions of the National System of Production, Consumption, and Trade (SNPCC).

These strategic actions aim to promote trade in the national and international markets through export plans, negotiation of trade agreements, promotion of trade events, simplification of procedures, among others.

Finally, there is a set of Economic Policies promoted by the GRUN that contribute to macroeconomic stability, such as the exchange rate policy measure by the Central Bank of Nicaragua, which sets the annual depreciation rate of the cordoba against the United States dollar at zero percent (0%) starting from January 1, 2024.

## **Legal norms and incentives related to Foreign Investment**

In order to promote foreign direct investment, a legal framework has been established in Nicaragua, which has as its main objectives to provide the necessary incentives for the growth of investment in key economic sectors, lessen the administrative load, and provide legal security to investors and guarantees that they will be able to easily repatriate the benefits of their investment, among others outlined in the regulations listed below:

## **Law on the Promotion of Foreign Investments (N°344)**

This is the main Nicaraguan legislation on foreign investment, equating the rights and guarantees of international investment with those of national investment.

Among its statutes, the following are proposed:

- Free access to the purchase and sale of available foreign currency and free currency convertibility.
- Freedom to repatriate all capital and profits, dividends, or earnings generated in the national territory, after the payment of the corresponding taxes.
- Recognition of Copyrights, Trademarks, and Patents.
- Alternative Investor-State Dispute Resolution
- There is no minimum or maximum investment amount.
- The mandatory equity participation of a national in the investment is not required.
- Accelerated depreciation of capital goods.
- Access to national loans through local banks, according to their terms and approval conditions.

## **Law on Temporary Admission for Active Improvement of Export Facilitation (N°382)**

In order to contribute to the development and diversification of the Export Sector, Nicaragua has Law No. 382, the Law on Temporary Admission for Active Improvement and Export Facilitation, which establishes the prior suspension of the payment of DAI, VAT, and Selective and Specific Consumption Taxes for the import and local purchase of raw materials, inputs, intermediate goods, and capital goods, used in transformation, manufacturing, and repair operations of goods intended for export.

Law No. 382 contributes to the productive and commercial development of the export sector dedicated to agro-industrial, industrial, manufacturing, and fishing and aquaculture activities, for the utilization of Nicaragua's wide variety of natural resources, skilled labor, and modern infrastructure.

To access the prior suspension of tax payments, beneficiaries must export at least 25% of their total sales, with an annual FOB export value of no less than fifty thousand United States dollars (US\$50,000.00).

The National Commission for Export Promotion (CNPE) is the governing body of Law No. 382 and administers the active improvement regime through its technical secretariat, which is exercised by the Department of Export Promotion and Development (DGFEX) of the Ministry of Promotion, Industry, and Commerce (MIFIC).

The DGFEX also proposes and executes strategies to promote, encourage, and facilitate Nicaraguan exports, in coordination with the productive sectors and public entities linked to Foreign Trade operations.

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

Given the importance of the mining sector for economic development, the State guarantees fiscal stability for local and foreign investments related to mining activities through this Law.

This law includes incentives such as the exemption from the payment of Import Tariffs (DAI), Selective Consumption Tax (ISC), and Value Added Tax (VAT).

### **Fisheries and Aquaculture Law (N°489)**

Nicaragua has a modern legal regime that provides transparency and legal certainty for investors involved in this economic activity.

This law establishes a regulatory framework that promotes the sustainable development of fishing and aquaculture, balancing the exploitation of resources with their conservation, ensuring the long-term sustainability of aquatic ecosystems and fishery resources.

The regulation establishes incentives to attract national and foreign investments in fishing and aquaculture, giving investors legal certainty.

### **Law for the Promotion of Electricity Generation with Renewable Sources (N°532)**

This Law aims to promote the generation of electricity through renewable sources, providing this type of project with benefits such as: exemption from import tariffs and payment of value-added tax, municipal taxes, tax stamps, and any other tax that may exist for the exploitation of natural resources.



## **Law for the Promotion, Support, and Development of Micro, Small, and Medium Enterprises (N°645)**

This legislation serves to foster the establishment of a competitive and favorable environment for the proper operation of the highly significant economic sector in the country by promoting and comprehensively developing micro, small, and medium enterprises (MSMEs).

To contribute to the development of the sector, the Single MIPYME Registry (RUM) was established with the aim of identifying and categorizing companies, assisting them, and providing access to the programs and incentives contemplated in the relevant laws, including fiscal incentives such as the exemption of 15% of the Value Added Tax (VAT), through established exhaustive lists, in local purchases and imports of raw materials, intermediate goods, and capital goods, spare parts, components, and accessories for the machinery and equipment used by the sector.

The sectors benefited by this law are agro-industry, food, handicrafts, leather and footwear, wood furniture, mechanical metal, baking, plastics, and textile clothing.

## **Law for the Promotion of Income for Retired Residents and Retired Residents with Investments (N°694)**

The main objective of the law is to facilitate the entry and stay of people who receive fixed incomes from abroad, thereby promoting investment and the development of the country.

## **Tax Concertation Law (N°822)**

The Tax Concertation Law is the main law in Nicaragua regarding taxation; it establishes tax benefits for productive sectors of the economy to promote their growth and development.

Thus, the Law provides a 0% Value Added Tax (VAT) rate for exports of locally produced goods or services, and for certain agricultural products.

Additionally, it extends until the year 2023, the benefits granted to the forestry sector in the Law on Conservation, Promotion, and Sustainable Development of the Forestry Sector (N°462). This includes the exemption from Municipal Taxes, Property Taxes, and other fees and taxes.

## Law on Export Industrial Free Zones (N°917)

Nicaragua offers significant tax incentives through the free trade zone regime for companies interested in establishing export-oriented operations, whether for goods or services:

- Exemption from 100% of the income tax generated by their activities in the Free Zone during the first 10 years of operation. This can be extended for another 10 years, subject to authorization.
- Exemption from the payment of taxes on the transfer of real estate in any form, including the Capital Gains Tax.
- Exemption from payment of taxes for the incorporation, transformation, merger, and reform of the company, as well as the Stamp Tax.
- Exemption from all taxes and customs and consumption duties related to imports, applicable to the introduction into the country of raw materials, materials, equipment, machinery, molds, parts or spare parts, samples, molds, and accessories intended to enable the company for its operations in the Free Trade Zone.
- Total exemption from indirect taxes, sales taxes, and selective consumption taxes.
- Total, exemption from municipal taxes.
- Total exemption from export taxes on products manufactured in the Free Trade Zone.
- Exemption from fiscal and municipal taxes on local purchases.



## Real Estate Brokerage Law (N°1129)

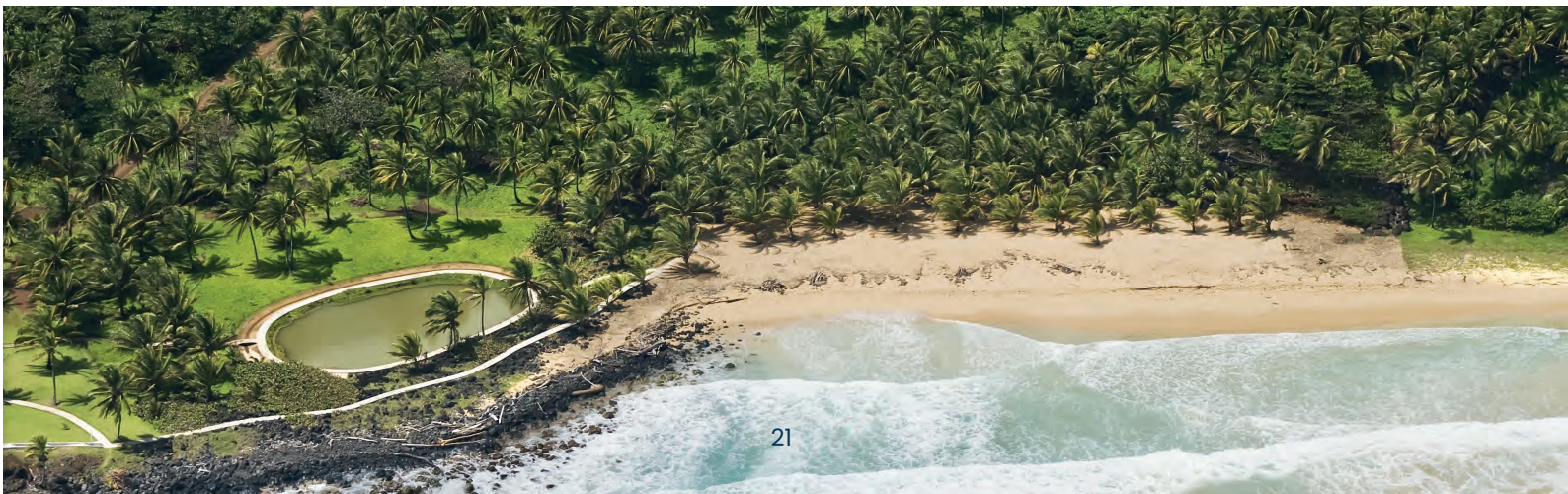
This legislation encourages economic activity in the housing sector, which is subject to regulation by the Urban and Rural Housing Institute (INVUR), within the context of legal security. We have brokers and agents that specialize in the industry and represent international enterprises via the Real Estate Brokerage Unit (UCBR), allowing us to have a strong worldwide presence.

This Law provides real estate sector individuals with accessible and rapid access to the regularization of real estate operations, resulting in increased security in acquiring services while also contributing to the improvement of the National Anti-Money Laundering System.

The real estate market in Nicaragua is now undergoing significant expansion, attributed to its appealing price-quality ratio relative to other Central American nations, with the natural and cultural beauty that defines Nicaragua, making it a competitive choice globally.

For the above reasons, the following incentives have been provided:

- Subsidies in bonds applicable to the housing down payment ranging from \$2,000.00 to \$3,500.00.
- Loans through State Trust Funds.
- VAT exemptions on construction materials.
- Interest rate subsidies on loans for the purchase of homes valued between \$40,000.00 and \$50,000.00.



## General Tourism Law (N°1210)

The primary goal of this law is to encourage, promote, and regulate tourism activities by establishing norms that ensure long-term development and the active participation of individuals, families, communities, and both the public and private sectors.

## Current Trade Agreements

### Current Trade Agreements

The Ministry of Development, Industry, and Commerce (MIFIC) is the institution in charge of negotiating and administering Nicaragua's free trade agreements, promoting exports, and defining the country's internal and external trade policy, with the goal of expanding Nicaragua's insertion into international trade under fairer and more equitable conditions, allowing for the growth and diversification of foreign trade with new and better business opportunities.

Nicaragua has privileged access to over 2.9 billion individuals via its current trade agreements.

Trade Agreements	Date of entry into force	Products exported under free tariff	Products under other tariff preferences
Partial Scope Agreement (AAP) Nicaragua - Colombia	1984	Garlic, ginger, sorghum, peanuts, tomato concentrate, raw tobacco, chlorine, chemicals, insecticides, wood, copper nails, electric batteries, among others.	
Partial Scope Agreement (AAP) Nicaragua - Venezuela	1986	Live animals of the bovine species, meats of the bovine species, honey, crustaceans, cuttings or slips, flowers and buds, miriliton, squash, potatoes, cassava, spices, okra, ginger, turmeric, oats, jicama seed, soybean oil, animal fats, annatto, cold cuts.	Black beans, soybean seeds, tobacco, wood, clothing, among others.
Free Trade Agreement between Central America - Panama and the Bilateral Protocol between Nicaragua and Panama	March 6, 2002	Beef, chia, beans, rum, natural honey, moringa seeds, oranges, shrimp, and bananas.	Pork and instant coffee.

Trade Agreements	Date of entry into force	Products exported under free tariff	Products under other tariff preferences
Free Trade Agreement between Central America – Dominican Republic	September 3, 2002	Raw tobacco, not stemmed or stripped and tobacco waste, beef, medicines for human use, preserved peanuts, disposable masks; hats, boxes, crates, cages, drums, and similar wooden containers; beef offal; sawn wood; starch and preparations used in the manufacture of inks, among other goods.	Beans, onions and shallots, chicken breasts
Nicaragua and the United States CAFTA-DR	April 1, 2006	Clothing and accessories, cotton fabrics, bovine leather, onions, soybeans, rice, beans, select coffee, cocoa, rum, bananas, organic coffee, wood, shrimp, fish, foliage, honey, cigars, lobster, coconut, mango, watermelon, and avocado.	Milk, fresh cream, and custard; powdered milk, condensed milk, yogurt, buttermilk, whey, butter, cheeses, other dairy products, and ice cream.
Dominican Republic within the framework of CAFTA-DR	April 1, 2006	Tobacco, stemmed or unstemmed and tobacco waste, cotton fabrics, frozen beef, coffee, packaged medicines, among others.	Refrigerated and frozen poultry meat and edible offal, powdered milk, mozzarella cheese, onions and shallots, garlic, red, black, and white beans, rice, wheat flour, petroleum derivatives, among others.
Free Trade Agreement between Central America – Mexico	September 1, 2012	Automotive harnesses, beef, oil, peanuts, clothing and accessories, shrimp, beef offal, gold coffee, cane sugar, cotton fabrics, starch and flour, writing inks, rum, and fish fillet.	Sugar
Free Trade Agreement between Central America – Chile and the Nicaragua and Chile Bilateral Protocol	October 19, 2012	99.6% of Nicaraguan products destined for Chile can be exported under free trade.	

Trade Agreements	Date of entry into force	Products exported under free tariff	Products under other tariff preferences
An agreement establishing an association between Central America and the European Union and its Member States (AACUE)	August 1, 2013	95% of tariff lines are eligible for duty-free export to the European Union.	5% of the tariff lines are undergoing gradual elimination.
Partial Scope Agreement (AAP) Nicaragua - Cuba	October 9, 2014	Beef, pork, poultry, fish, shrimp, dairy, honey, bananas and plantains, coffee, beans, cassava starch, peanuts, oils, sugar cane, cocoa, beer, rum, leather, saddlery articles, wood and its manufacturing, textiles and footwear.	Tomatoes, cucumbers, pineapples, guavas, oranges, papayas, wheat flour, mustard, fans, and others.
Partial Scope Agreement (AAP) Nicaragua - Ecuador	November 19, 2017	Cigars, rum, tires, scales, balances, milking machines, machines for the cheese industry, seeds for planting, natural honey, and many more.	
Free Trade Agreement between Central America and the Republic of Korea	October 1, 2019	Lobsters, avocados, coffee, plantains and bananas, wheat, palm oil, sugar cane, cocoa, rum, waste from the sugar industry, textile clothing, leather and footwear, rattan and bamboo furniture, among others.	Beef offal and meat; pork offal, fish, shrimp, mollusks, honey, flowers, mangoes, soybean oil, raw tobacco, cigarettes, and wood.
Agreement establishing an association between the United Kingdom of Great Britain, Northern Ireland and Central America.	January 1, 2021	95% of tariff lines are eligible for duty-free export.	5% of the tariff lines are undergoing gradual elimination.

Trade Agreements	Date of entry into force	Products exported under free tariff	Products under other tariff preferences
<p>Early Harvest Agreement Nicaragua – People's Republic of China (ACT)</p>	<p>May 1, 2023</p>	<p>Beef, edible offal of the bovine species, lobsters, shrimp, crabs, sea cucumbers, peanuts, rum, t-shirts, suits, sets, vests, jackets, and pants made of cotton, silk, and other synthetic materials, and electrical cables.</p>	
<p>Free Trade Agreement between the Government of the People's Republic of China and the Government of the Republic of Nicaragua</p>	<p>January 1, 2024</p>	<p>Textile clothing, harnesses, gold, beef and offal, shrimp, lobsters, sea cucumbers, legumes, tuna, peanuts, rum, beers, fuel oil, mineral water, fiber fabrics, vaccines and medical devices, cold cuts, chocolates, jellies and fruit pastes, peanut butter, fruit juices, salt, semi-processed leather, candles, charcoal, hammocks, wood, paper and cardboard.</p>	<p>Beef tripe, bladders, and stomachs, pork meat and offal, hams and bacons, fish, meat, preparations and offal, sea snails, dairy products, eggs, flowers, bananas, plantains, pineapples, avocados, guavas, watermelons, pitaya, passion fruit, tomatoes, potatoes, cabbages, lettuces, cassava, citrus fruits, green and roasted coffee without decaffeination, natural honey, spices, sesame oil, cane molasses, cocoa beans, powder, and preparations, undenatured ethyl alcohol, prepared bovine leather, wooden frames and boxes, wicker articles, leather footwear, other fur materials, and precious metals.</p>

Source: MIFIC (2024)





## Generalized System of Preferences

The Generalized System of Preferences (GSP) is a preferential tariff system that various nations and international organizations established with the intention of promoting economic development and the expansion of trade for developing countries. Under this system, developed countries grant unilateral tariff preferences to products from developing countries, allowing them to access their markets with lower tariffs or even zero tariffs in certain product categories.

Generalized System of Preferences (SGP) for the benefit of Nicaragua	
Granting Country	Date of entry into force
• Australia	January 1, 1974
• Canada	July 1, 1974
• The Russian Federation	October 10, 2016
• Japan	August 1, 1971
• Norway	October 1, 1971
• New Zeland	January 1, 1972
• Switzerland	March 1, 1972

Source: MIFIC (2024)

## Agreements on Reciprocal Promotion and Protection of Investments (APPRI)

The Agreements on Reciprocal Promotion and Protection of Investments (APPRI) serve as an instrument that allows countries to create conditions that encourage sustainable investment. These are bilateral negotiating schemes in which the signatories agree to develop and maintain specific advantageous circumstances that benefit both nations in each of their territories. They are structured to enhance and legally safeguard the capital flow of investments based on reciprocity.

Below is the list of APPRIs signed by the Republic of Nicaragua that are currently in force, according to the United Nations Conference on Trade and Development.

1. Kingdom of Spain
2. Kingdom of Denmark
3. Federal Republic of Germany
4. United Kingdom of Great Britain and Northern Ireland
5. French Republic
6. Argentine Republic
7. Republic of Chile
8. Kingdom of Sweden
9. Republic of Korea
10. Kingdom of the Netherlands
11. Czech Republic
12. Italian Republic
13. Russian Federation
14. Islamic Republic of Iran

## International Trade Organizations

The WTO Trade Facilitation Agreement (TFA), effective since February 2017, seeks to expedite the movement of products among nations while complying with international best practices. A novel feature of the agreement is that, for the first time in WTO history, developing and least developed nations have a commitment to implement the TFA in accordance with their capabilities. Nicaragua was the first Latin American country to ratify this agreement and has executed 92% of the provisions.

Through Presidential Decree No. 19–2022, published in La Gaceta, Official Diary No.183 on September 30, 2002, the National Trade Facilitation Committee (CNFC) was created to coordinate actions and comply with the TFA, establishing a strategic work plan to fulfill the commitments made by the country. Currently, the compliance status of the TFA by the 156 members is 76.2%, and it is expected that by implementing 100% of the measures, trade costs will be reduced by more than 14% for low-income countries and more than 13% for upper-middle-income countries.



## Central American Economic Integration

Nicaragua participates in the Central American Economic Integration Subsystem, which encompasses six Central American nations. This system establishes a free trade zone, a customs union, facilitating the free movement of originating goods, enhancing national and foreign investment, and removing technical barriers to trade by leveraging the advantages of harmonized regional instruments and economic development policies.

To promote, enhance, and facilitate trade within our nation, a series of regional agreements and regulatory instruments have been implemented, granting investors and traders advantages such as a 0% tariff on 99.9% of originating goods, the standardization of sanitary registration requirements for food, pharmaceuticals, cosmetics, veterinary medicines, domestic pesticides, fertilizers, and agricultural amendments, thereby reducing costs and time for enterprises. Similarly, processes have been standardized to streamline the implementation of sanitary and phytosanitary precautions to facilitate the trade of shipments and commodities.

Likewise, foreign trade transactions have been streamlined through the adoption of expedited procedures (customs, sanitary, phytosanitary, etc.) and the utilization of digital platforms, including the Border Integration Program at land border control posts and the Central American Digital Trade Platform (PDCC) at the regional level.

In maritime commerce, users have gained advantages from the modernization and optimization of import and export processes at ports due to the enhancement of the Single Window for commerce at Port of Corinto and Port of Arlen Siu. A mobile application for handling cargo at Port of Corinto is being installed, thereby reducing time and expenses.

# What investment opportunities exist in Nicaragua?

## Agribusiness

Nicaragua is recognized for its tropical climate and fertile lands ideal for agricultural and forestry use. The combination of fertile lands available at competitive prices, favorable climate, and abundant water resources provides the optimal setting for the establishment of agricultural production operations.

Agricultural exports continue to be the main driver of Nicaragua's economy. Cereals, snacks, cookies, fruit juices, and vegetables are some of the most valuable consumer goods, making the market a lucrative one with lots of business opportunities. These advantages, together with the tariff exemptions achieved under various trade agreements between Central America, China, the United States, and other countries, consolidate our position as an exporting country.

Nicaragua offers numerous opportunities for the establishment of agro-export operations, as it is the fifth largest meat exporter in Latin America (#1 in Central America); the main exporter of cigars in Central America; the seventh largest exporter of crustaceans in Latin America (#1 in Central America); the fifth largest exporter of dairy products in Latin America (#1 in Central America). In addition, Nicaragua is recognized as a producer of fine and aromatic cocoa by the International Cocoa Organization (ICCO).

The continuous improvements in its infrastructure and business climate have positioned Nicaragua as one of the most attractive destinations for foreign direct investment. Renowned international companies, such as Ball Horticultural Company, Kraft Foods, Parmalat, Cargill, Grupo Pantaleón, AJEGROUP, Nestlé, Walmart, Precious Woods, Futuro Forestal, Ritter Sport, SuKarne, Numar, among others, have established operations in Nicaragua due to the advantages the country offers for successful development.

## Advantages of investing in Agribusiness

- This sector is the driving force behind the Nicaraguan economy, a sector that is expanding and prioritizes the transformation and added value of agricultural products.
- It has rapidly developing infrastructure, a young and talented workforce, and a national growth-oriented strategy, employing more than a third of the country's labor force.
- Nicaragua counts with 10 research centers, 37 experimental stations and farms, 50 specialized laboratories, 131 researchers in universities, 22 in agriculture, and approximately 80 researchers with degrees in agriculture, totaling 211 researchers.
- The country is a major agricultural exporter, boosting its economy.
- The sector represented 16.5% of the country's gross domestic product and 35% of total exports in 2023.
- The Government of Reconciliation and National Unity has implemented policies and programs to enhance the productivity, competitiveness, and sustainability of these activities.

## Investment Opportunities in Agribusiness

- **Agro-exportable production:** With an agro-export model, Nicaragua offers a wide variety of products such as coffee, bananas, sugar, tobacco, peanuts, products that are in high demand in international markets like the United States, Central America, Mexico, China, and others. Moreover, Nicaraguan products have been internationally recognized for their high quality.
- **Livestock and dairy and meat production:** Nicaragua has the largest cattle herd in Central America, with an annual compound growth rate of 2.5% in meat exports and 3.9% annually in milk collection over the past 4 years. It is the main producer of livestock and by-products in the Central American region. The production of meat in Nicaragua is important both for domestic consumption and for exports, and it relies on pasture-based livestock farming, which gives it extremely competitive production costs in Central America.
- **Food Processing:** Nicaragua produces a wide variety of raw materials that could be processed locally. Currently, cookies, snacks, instant coffee, carbonated beverages, beer, and rum are being processed.

## Fishery

The boost in fishery and aquaculture in Nicaragua is marking a new era for the country as it shapes into a flourishing industry. Rich in water resources and with an extensive coastline on both oceans, fishery and aquaculture have emerged as significant economic activities, contributing to food security and economic growth.

Technological innovations, the implementation of better practices, and constant training have enabled more efficient and sustainable production. An example of this is aquaponics systems, which combine fish farming with plant cultivation, leveraging their natural interrelationships to improve productivity and minimize environmental impact.

Fishing in Nicaragua is mainly carried out in two large areas: the Caribbean Coast and the Pacific Ocean, as well as in its numerous lakes and rivers.

The growing demand for seafood, both nationally and internationally, has driven the expansion of fishery and aquaculture in Nicaragua. Specifically, the production of shrimp and tilapia in aquaculture facilities has grown to be a significant source of exports, demonstrating the potential for the nation's economic development. In 2022, the value of exports reached US\$277 million.

## Advantages of investing in Fishery

- Nicaragua's aquaculture industry is thriving due to the availability of freshwater and seawater, as well as government and international organization support.
- It serves as a primary source of income for several individuals involved in this industry. It positively impacts the nation's Gross Domestic Product (GDP) and serves as a crucial source of foreign trade.
- In 2023, there was a participation rate of 3.3% in the primary activity, with exports totaling 118.1 million pounds, valued at 334.7 million dollars, and directed to over 35 countries.
- Nicaragua has an adequate installed capacity for the collection and processing of fishery and aquaculture products. At the national level, there are 35 processing plants, 97 collection points, and an installed capacity of 6,985 metric tons, of which 22% are raw materials, 11% are frozen goods, and 67% destined for finished goods storage.
- Nicaragua is the largest exporter of crustaceans to Europe in Central America (#5 in Latin America) and the largest supplier of lobster to the North American market, gaining access to United States, Canada and Europe, counting with aquaculture farming system.

## Investment Opportunities in Fishery

- In the country, there is the farming of freshwater species such as tilapia and freshwater shrimp. However, it is also expanding its range to include other species, including marine fish, mollusks, and lobster.
- Since 2006, the sector's production has grown by 282%, from 44 million pounds to 168 million in 2023.
- Exports increased by 224%, from 33 million pounds in 2006 to 107 million in 2023. Implied that the value of these exports increased by 141%, from 112 million dollars to 270 million dollars.
- Per capita consumption of fishery and aquaculture products has increased by 150%, from 2.3 kg in 2006 to 6.7 kg in 2023, reflecting greater availability and preference for these products.

## Light Manufacturing

Light manufacturing is a stable industry, which is based on talent and trust between investors, workers, and the government. It is an important economic engine and one of the most dynamic sectors of the Nicaraguan economy.

With positive performance, it has managed to become the second largest exporter of automotive wiring harnesses in Central America, a supplier for brands such as FORD, GMC, BMW, VOLKSWAGEN, and CHRYSLER, as well as the largest exporter of knitted fabrics in Central America (cotton). Currently 80 companies operate under the Free Zone Regime, which are suppliers of internationally recognized brands.

Currently, 80 companies operate under the Free Trade Zone Regime, which represents 970,000 m<sup>2</sup> of industrial space and 91,960 jobs. It is crucial to emphasize that this sector establishes fixed minimum wage increases for periods of up to five years (which is conducted through an agreement in the Free Zones). Its main export products are shirts, pants, medical equipment, fabrics, harnesses, and plastic bags, and its main export destinations include the United States, Mexico, Honduras, and Guatemala.

Some of the most relevant subsectors include automobile harnesses, clothing, footwear, and medical devices.

## Advantages of investing in Light Manufacturing

- Nicaragua is Central America's second biggest supplier of automobile harnesses.
- The country ranks as the world's tenth biggest supplier of clothes to the United States.
- Nicaragua exports the most knitted clothing in Central America.
- Yazaki from Japan and Dräxlmaier from Germany are two of the world's major automobile wire harness manufacturers, with facilities in Nicaragua.
- The market for disposable surgical goods and items is large and has constant manufacturing capacity owing to its competitive labor force and access to the world's most significant markets.
- The textile sector is the tenth largest provider of clothes to the United States in the world. The exported items total US\$ 2,161.6 million.
- Nicaragua is the ideal destination for labor-intensive operations as it has the lowest labor costs per hour in the region, (including employer charges).
- Nicaragua's free trade zone regime complies with the World Trade Organization (WTO) regulations for developing countries, granting generous tax incentives to export-oriented operations that involve a transformation or value-added process.
- One of the nation's quantitative and qualitative advantages is its location, which enables international businesses to use an offshore production model.
- The country has trade agreements that allow preferential access to major markets around the world, including the United States, the European Union, and China.
- There is a large labor force of around 3.2 million individuals, with 46% of them underemployed and capable of working in light manufacturing.

## Investment Opportunities in Light Manufacturing

- The country offers a wide variety of investment opportunities related to the manufacturing of garments, threads, and fabrics. Gildan, Texhong, and Bella Canva are among of the companies that have made investments in the nation.
- Nicaragua presents itself as an attractive place for other investment opportunities, including the extraction, manufacturing, and assembly of products such as jewelry, plastic bags, paper, fiberglass, bovine blood derivatives, lead, cardboard boxes, mufflers, and cosmetics, among others.

## Outsourcing Services

Business Process Outsourcing (BPO) has become one of the main strategies for international companies aiming at cost reduction and risk diversification.

Nicaragua stands out as an attractive emerging destination in global services because it offers excellent investment opportunities for companies looking to expand their operations and increase their global competitiveness.

This industry has been steadily growing for over ten years, with over 31 companies operating under a free trade zone regime, resulting in a US\$ 98 million investment and the creation of 14,799 jobs.

The industry has managed to provide real-time services to the United States, offering more than 80% of the services in English, increasing the number of destinations (among the main ones are the United States, Canada, Costa Rica, Germany, Mexico, the Netherlands, Argentina, Australia, and the United Kingdom), with competitive and stable salaries. The basic salary in the outsourcing industry has remained at \$550 for the past three years.

## Advantages of investing in Outsourcing Services

- Nicaragua enjoys a privileged geographical location in the heart of Central America, just a 2.5-hour flight from the southern cities of the United States. The location not only enables executive travel but also adheres to the U.S. Central Standard Time zone.
- It enables businesses to provide affordable and timely services.

- Nicaragua's population is 6.1 million, with a growth rate of 1.2%. A key trait is that 76% of the population is under 39 years old, contributing to a multilingual workforce, with 84% of services provided in English, characterized as youthful and skilled.
- There are office buildings that serve as the operational hub for internationally recognized technology companies.
- Companies have excellent growth opportunities by reducing their operating costs. One of the main advantages of the country is that the average salary is the most competitive in the region, allowing companies to recruit highly skilled employees to engage in BPO, KPO, and ITO activities.
- Competitive salaries are available (the base salary in a call center has remained at US\$550 for the past three years).

## Opportunities in Outsourcing Services

- Nicaragua offers tax incentives to companies interested in establishing export-oriented operations.
- The country has positioned itself as the main emerging platform in the region for these markets, successfully attracting investments above US\$64 million and presently providing around 6,000 direct jobs.
- It serves as an optimal location for Shared Services Center operations for organizations that have expanded their presence in the region. This operation allows the consolidation of multiple services, including human resources, finance, procurement, and acquisitions.
- The outsourcing industry has significant potential attributed to its closeness and affinity to North and South American markets, competitive cost structure, and a youthful, competent workforce.
- Nicaragua offers redundant high-quality fiber optic connections through three international submarine cable systems (ARCOS-1, MAYA-1, Emergía).



## Forestry

The Nicaraguan government has implemented policies and programs to encourage investment in forest plantations, including tax incentives, technical assistance, and financial support for landowners and companies interested in establishing these plantations in Nicaragua.

There are more than 3.9 million hectares of land suitable for forest plantations with commercial value, such as teak and mahogany, as well as non-timber forest species, such as rubber, cocoa, and others.

The forestry sector in Nicaragua has great potential for value-added generation through the increase in the production of timber and forest products, both for the domestic market and for export.

### Advantages of investing in Forestry

- The sector consists of 23,326,043 annual production forest plants, 18,115 hectares of reforestation with agroforestry and silvopastoral systems, 15,143 metric tons of wood, and 2.8 million kilograms of pine resin, equivalent to US\$3.8 million in exports.
- The private sector's objectives include achieving a critical mass of 120,000 hectares. Consequently, the investment opportunities in the sector are abundant, and the government offers assistance for these initiatives.
- There is a mechanism for compensation for environmental services, a model for the use and sustainable management of forestry and agroforestry, recovery of forest resources at the national level, and a forest traceability system.

### Opportunities in Forestry

- African mahogany, teak, pine, and eucalyptus are some of the species that fourteen companies in the country cultivate for commercial purposes.
- There are 36,000 hectares of exotic species, including around 9,000 conservation areas. The soil potential would allow for an increase of up to 14 times those areas, as approximately 500,000 hectares are optimal for establishing forest plantations.
- Investing in the forestry sector also represents great potential for development in textile fibers, pine resin, reforestation for conservation purposes, and derived products.

## Housing Sector

The housing sector in Nicaragua offers investment opportunities due to factors such as the housing deficit, population growth, urbanization, and government policies focused on this sector's development.

According to estimates, Nicaragua has a major housing gap of approximately 900,000 units, which includes both new homes and improvements to existing ones. The social and medium housing sectors account for the vast bulk of demand.

Managua and other large cities, like León, Granada, and Masaya, are experiencing population expansion, which increases demand for homes. Urban regions attract families, which increases the need for new housing developments.

The Government of Nicaragua has promoted programs such as housing subsidies and social interest housing to encourage house ownership. Development companies can benefit from tax exemptions, particularly those who work on socially beneficial initiatives. Furthermore, incentives are provided to developers of projects focused at low- and middle-income households, such as VAT exemption on building supplies.

Local banks have expanded their mortgage financing lines, facilitating property purchases for low- and middle-income. Additionally, financial institutions are collaborating with the government of Nicaragua to provide accessible loans, hence increasing the customer purchase power.

## Advantages of investing in Housing Sector

Investing in Nicaragua's housing sector has several appealing benefits for developers and investors seeking to capitalize on the market's potential. These are many of the notable ones:

### Tax exemptions:

- Exemption from Value Added Tax (IVA) on construction materials for social interest projects (Law N°677).
- Exemption from the Property Tax (IBI) during the construction period.
- Exemption from paying Income Tax (IR) on the profits generated from the sale of homes within certain ranges.

### Social housing programs:

- Subsidies and grants provided facilitate access to housing for low-income sectors, ensuring an active market.

### Competitive construction costs:

- Accessible labor: Nicaragua has one of the most competitive labor forces in the region, reducing construction costs.
- Affordable local materials: The availability of natural resources and national construction materials allows for reduced input costs.

### Stability of the housing sector:

- Solid returns: Housing sector in Nicaragua has proven to be resilient to economic fluctuations, maintaining sustained growth over time.
- Low-risk investment: housing sector tends to be less volatile compared to other sectors, making it a safe option for investors.

## Opportunities in Housing Sector

- Social housing: Investment opportunities in affordable housing with tax benefits and financing secured by government and private demand.
- Middle-class and upper-class housing: Residential projects for middle - and upper -class families in urban and tourist areas.
- Sustainable projects: Investments in ecological developments and green urbanizations are increasing internationally and gaining local importance.

# What type of investment Is sought in Nicaragua?

Foreign Direct Investment (FDI) per se does not necessarily contribute to sustainable human development, which is the priority of the Government of National Reconciliation and Unity (GRUN). Therefore, the following section defines the concept of Quality Foreign Direct Investment, its requirements, and the ideal investor profile, with the objective of attracting investors as outlined in this Investor Guide.

The goal is to clearly specify the desired kind of investment and investor in Nicaragua, along with the country's requirements. This will also function as a determinant for investors to strategize their investments in the nation.

## What is quality investment?

In the Nicaraguan context, Quality Foreign Direct Investment (IEDC), can be defined as actions aimed at attracting capital flows and technologies that contribute to the country's sustainable human development processes. Such investments must produce reciprocal, equitable, and long-lasting economic, social, and technological benefits and be in line with the goals, objectives, and targets of the GRUN's public policy agenda.

- a. Contribution to Sustainable Human Development
- b. Reciprocal benefits
- c. Stability and predictability
- d. Integrity
- e. Sustainability
- f. Transparency
- g. Continuity
- h. Robustness
- i. Diversification

# What public services does Nicaragua offer investors?

In Nicaragua, the attraction of investments and the establishment of new operations have been considerably simplified through the implementation of Single Windows system and investment facilitation. These mechanisms are designed to facilitate and expedite the necessary procedures to initiate and consolidate investment projects, offering investors centralized access to various government services.

The objective is to reduce response times and ensure an efficient and transparent process, allowing companies to focus on developing their operations from their arrival in the country. Below, the main facilities and services that these windows offer to investors are detailed.

## Single Investment Window (VUI)

The VUI is an initiative designed to simplify and optimize your investment experience in our country. The Ministry of Development, Industry, and Commerce (MIFIC), promoter of investments in Nicaragua, has facilitated since 2003 the coordination of several institutions for the operation of the Single Investment Window (VUI) in Managua, resulting in inter-institutional coordination between four entities: Managua Mercantile Registry (RMM), General Directorate of Revenue (DGI), Managua City Hall (ALMA), and the Ministry of Development, Industry, and Commerce (MIFIC).

### What is the Single Investment Window?

The VUI has been established as a facilitation mechanism for the concentration of procedures in a single physical location where public administration institutions involved in the management of company formation and business operation legalization are integrated; it is an extremely important tool for investors, as its management model has contributed to the facilitation of investment procedures, reducing time and costs for investors.

### What are the advantages of VUI for Investors?

- Simplification of procedures, as they are carried out in one place, quickly and easily.
- Time and cost savings with the management of your investment due to the centralization of services.
- Personalized advisory in company formalization processes, as we have a specialized team to provide you with this service, ensuring you make strategic decisions.
- Transparency and Security, we are ensuring a transparent and secure process, protecting your interests and providing you with the necessary confidence to focus on establishing your company.

### What function does the VUI serve in formalizing businesses?

The formalization process consists of fulfilling the registration with the institutions that regulate it according to its economic activity. At VUI Managua, you can formalize your business, both under the fixed quota regime for individuals and under the general regime, whether as a natural or legal person, for which we provide advisory services in the business formalization process and the corresponding procedures.

### Which sectors of the economy can be formalized in the VUI? Can PYMEs be formalized in the VUI?

In the VUI, all types of companies or entrepreneurship located in Managua can be formalized, regardless of their economic activity, company size, or country of origin of the investment.

### What procedures can I carry out at the VUI?

The procedures at the VUI Managua are carried out in person, detailed as follows:

Delegation/ Institution	Process for	Process	Costs	Response Time
Commercial Registry	Legal Entity	Registration of Constitutive Act (Public Limited Company, Limited Company and Opening of foreign branches)	<p>If the capital is less than or equal to C\$100,000.00 pays C\$1,000.00</p> <p>If the capital is greater than C\$100,000.00 pay 1% of the capital, with the maximum fee being C\$30,000.00</p> <p>Payments are available through credit or debits cards.</p>	2 working days (Simultaneous processing)

Commercial Registry	Legal Entity	Registration as a merchant	C\$300.00; Payments available through credit or debits cards.	2 working days (Simultaneous processing)
		Company book sealing	C\$1.00 Each sheet; payments available through credit or debits cards.	2 working days (Simultaneous processing)
		Registration of General Power for Acts of Administration	Payments are available through credit or debits cards.	2 working days (Simultaneous processing)
General Directorate of Revenue (DGI)	Legal Entity	Single Taxpayers' Register, Proof of entry in the Single Taxpayers' Register and Proof of registration in the DGI	N/A	4 working days
Managua Town Hall	Legal Entity	Municipal taxpayer registration (Municipal Enrollment)	Capital equal to or greater than C\$50,000.00, pay C\$500.00 Capital greater than C\$50,000.00 pays 1% of the share capital	1 working day
		Municipal Registration Certificate	1% of the registration fee; Payment is made in cash at the time of completing the DUR procedure.	
		Environmental opinion management	C\$500.00; This payment is made through telepayments with debit or credit cards.	
Ministry of Development, Industry and Commerce (MIFIC)	Legal Entity	Application for Foreign Investment Certificate	N/A	Service time and pre-qualification of documents in the VUI, 2 working days



## How can I sign up for the VUI?

Here is a step-by-step guide to formalize your company in the VUI:

Company	VUI Procedures Analyst	Delegate of the Commercial Registry	DGI Delegate	Delegate Managua Town Hall	MIFIC Delegate	Company
<p>Step 1:</p> <p>The company requests information and/or advice to formalize its business.</p>	<p>Step 2:</p> <p>Guidance on the complete formalization process.</p>	<p>Step 3:</p> <p>Management of company registration procedures, powers of attorney, merchant and sealing of accounting books.</p>	<p>Step 4:</p> <p>Management of registration procedures as a DGI taxpayer.</p>	<p>Step 5:</p> <p>Municipal taxpayer registration process management.</p>	<p>Step 6:</p> <p>If the businessman requires the foreign investment registration process, in this delegation he submits the request for the corresponding process to the Investment Directorate of the MIFIC.</p>	<p>Step 7:</p> <p>Formalized company or business Note: Depending on the economic activity, you must carry out procedures in other institutions.</p>
<p><b>What documents do you obtain?</b></p>	<p>Personalized advice, informative documents, forms, list of requirements are delivered.</p>	<p>Registration of legal documents.</p>	<ol style="list-style-type: none"> <li>1. Single Taxpayer Registration Card (RUC)</li> <li>2. Single Registration Document (DUR)</li> <li>3. Taxpayer Certificate</li> <li>4. Access to the DGI electronic tax window.</li> </ol>	<ol style="list-style-type: none"> <li>1. Municipal Registration Certificate</li> <li>2. Payment order for municipal environmental management.</li> </ol>	<ol style="list-style-type: none"> <li>1. Start of Management for Issuance of the Foreign Investor Certificate.</li> </ol>	

## What are the VUI's hours of operation?

From 8:00 am to 12:00 pm

From 1:00 pm to 5:00 pm

## Contact Information

Single Investment Window Office (VUI) of MIFIC

Los Robles, from Plaza el Sol 1 ½ blocks to the South, Managua, Nicaragua.

Phone: 2277-3860 / 2277-3871

Extension: 3000 / 3233 / 3238

Email: informacion\_vui@mific.gob.ni

## Single Foreign Trade Window (VUCEN)

VUCEN is an institution whose purpose is to facilitate and simplify the management of foreign trade procedures, concentrating through the technological platform the management of requests for pre-customs import permits, export documents, and other documents required for export or import authorized by the corresponding institutions, in accordance with their respective regulatory framework and without prejudice to the powers and functions that correspond to each public entity.

### What entities make up the VUCEN Technological Platform?

1. Institute of Agricultural Protection and Health (IPSA)
2. Ministry of Health (MINSa)
3. National Commission for the Registration and Control of Toxic Substances (CNRCST)
4. Nicaraguan Institute of Fisheries and Aquaculture (INPESCA)
5. National Forestry Institute (INAFOR)
6. Ministry of the Environment and Natural Resources (MARENA)
7. National Commission for the Transformation and Development of Coffee Farming (CONATRADEC)
8. General Directorate of Customs Services (DGA)
9. Instituto Nicaragüense de Telecomunicaciones y Correos (TELCOR)

VUCEN, through the Export and Import System, centralizes and automates the procedures for registering, reviewing, and authorizing pre-customs permits for goods regulated by:

## Export System

- \* Institute of Agricultural Protection and Health (IPSA)
- \* National Commission for the Registration and Control of Toxic Substances (CNRCST)
- \* Ministry of Health (MINSA) – National Authority for Health Regulation (ANRS)

## Import System

- \* Institute of Agricultural Protection and Health (IPSA)
- \* National Commission for the Registration and Control of Toxic Substances (CNRCST)
- \* Ministry of Health (MINSA)
- \* National Authority for Health Regulation – (ANRS) Nicaraguan Institute of Telecommunications and Postal Services (TELCOR)

## What procedures or services does the Single Window for Foreign Trade provide?

- Export Documents
- Unique Export Format (FUE)
- Central American Unique Declaration (DUCA-F)
- Certificates of Origin of the Current Trade Agreements

## Management of Interinstitutional Permits and Certificates

- **IPSA:** Phytosanitary Certificate, Export Health Certificate, Animal Health Export Permit and Certificate, Export Health Permit and Certificate for Products, By-products, and Biological Materials of Animal Origin
- **CNRCST:** Export Permit for Finished Products, Industrial Use, Agrochemicals, and Domestic and Professional Pesticides
- **ANRS/MINSA:** Certificate of export authorization for tobacco, tobacco products, and their accessories.

## How do I register on the VUCEN Technological Platform?

This is a free service aimed at facilitating and speeding up user registration, therefore, VUCEN provides the "Electronic User Registration Form," which allows for the online registration, management, and resolution of new user requests.

The electronic form facilitates the registration of data and the upload of supporting documents for the application, which will provide the user with the required access to carry out their procedures online, reducing costs and time.

Institutional Web Portal: **[web.vucen.gob.ni](http://web.vucen.gob.ni)**

Official channels for making inquiries and/or requests to VUCEN; direct your request to **[mesadeayuda@vucen.gob.ni](mailto:mesadeayuda@vucen.gob.ni)**

## Single Free Trade Zones Window (VUZF)

The Free Trade Zone Regime has a Single Window for Free Trade Zone Services, composed of 7 governmental institutions, which handle the procedures for companies operating under this regime. Its implementation constitutes a pioneering initiative by Nicaragua in the region, aimed at simplifying and streamlining the procedures and processes for free zone companies, while generating services with greater competitiveness and efficiency for investment in the regime.

The quality of the multiple services provided by the VUSZF allows the reduction of time and costs, ensuring quick, controlled, and secure procedures in the management of entry into the Regime and the start of operations, customs, immigration, tax, environmental, and labor processes for user and operator companies in the Free Trade Zone Regime.

The Single Window for Free Zones offers the option to carry out procedures online, promoting simplification and connection between institutions and companies, allowing them to carry out their tasks in a more accessible and efficient manner.

National and foreign investors can visit the site and will find all the necessary requirements for obtaining their paperwork. Similarly, to facilitate the communication process and provide immediate and personalized assistance to users, there is a live chat available for general inquiries about the Free Trade Zone Regime.

**Website: [www.cnzf.gob.ni](http://www.cnzf.gob.ni)**

# Who can help me invest in Nicaragua?

## Investment and Export Promotion Office (SPIEX)

**Phone:** (505) 2228-2803 ext.101/108

**Email:** [info@spiex.gob.ni](mailto:info@spiex.gob.ni)

**Website:** [www.spiex.gob.ni](http://www.spiex.gob.ni)

SPIEX is the Investment and Export Promotion Office of the Presidency of the Republic of Nicaragua. It offers services to companies looking to explore business opportunities or expand their operations in Nicaragua.

SPIEX's vision is to promote, support, and develop high-impact quality investments projects. SPIEX advises key public services to establish new investments (greenfield) or the acquisition of total or partial existing infrastructure in the country for its expansion (brownfield).

The main objective of SPIEX is to attract private investment, promote international trade, and support national exports of goods and services, establishing a favorable business climate for investment and trade. As well as contributing to the government efforts in investment, export, and facilitation policies in coordination with other public and private sector entities.

## **Ministry of Development, Industry, and Commerce (MIFIC)**

**Phone: (505) 2277-3860 ext. 3268/3267**

**Email: [inversionesdgife@mific.gob.ni](mailto:inversionesdgife@mific.gob.ni)**

**Website: [www.mific.gob.ni](http://www.mific.gob.ni)**

The Ministry of Development, Industry, and Commerce (MIFIC) is a public institution of the Government of Reconciliation and National Unity (GRUN) that supports local and foreign entrepreneurs interested in investing in Nicaragua.

MIFIC carries out its activities aligned with the National Plan to Fight Against Poverty and Promote Human Development (PNLP-DH), working in areas of major relevance to Nicaragua's economic and social development such as Foreign Trade, Domestic Trade, Business and Industrial Development, Intellectual Property Registration, and Protection and Defense of Consumer and User Rights.





**SPIEX**

**MIFIC**