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Nicaragua: Import Tariffs Reduced 80% On 3,500 Products

by Deborah Tyroler

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At a press conference in Managua on the evening of Aug. 27, Treasury Minister Emilio Pereira said customs tariffs were reduced by 80% to "improve the quality of life for Nicaraguans." The move will also permit domestic and foreign investors to use Nicaragua as a "platform to sell cheap to the rest of the world." Within the next few weeks, said Pereira, the tariff reforms should translate into a "substantial" price cut in basic subsistence goods for Nicaraguans. He added that the new measures constitute an invitation for merchants and producers to participate in the nation's economic recovery. Luxury imports, such as yachts, sophisticated weapons, small planes, and the like will continue to bear high taxes. Regarding consumer goods produced in Nicaragua, 10% of these items will temporarily continue with high tariffs. Raw materials produced in Nicaragua will be protected, said Pereira, by high import tariffs for a "prudent" period of time. The minister said the current tariff reductions are "without precedent in Latin America," and are similar to liberalization measures implemented by the European Economic Community and Canada. Pereira said that merchants who previously invested \$500 to import small batteries, had to pay another \$651 in import taxes. Now, the customs duties on such batteries come to \$183. According to the official, countries such as Costa Rica and Guatemala, would need three to four years to implement equivalent trade liberalization measures, and the US would require two years. Under new tax reforms, capital goods and imported raw materials will be tax-exempt. Customs Director Silvio Estrada told reporters that Nicaragua hopes to eliminate contraband originating from Panama and Honduras. He said contraband from Panama via Costa Rica largely consists of electrical appliances. (Basic data from ACAN-EFE, 08/28/90)

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