

3-20-1992

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Recommended Citation

Tyroler, Deborah. "Nicaragua Profile: Basic Data, Macroeconomic Statistics, Foreign Investment Regulations & Incentives." (1992).
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Nicaragua Profile: Basic Data, Macroeconomic Statistics, Foreign Investment Regulations & Incentives

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Category/Department: General

Published: Friday, March 20, 1992

BASIC DATA Area: Approximately 139,000 sq.km. (53,668 sq.mi.) total land area; about 10,000 sq.km. (3,861 sq.mi.) of water. Population: 3.6 million (1990 est.) Capital and largest city: Managua (pop. 853,000) Arable land: 10% Adult literacy: about 85% (1990) Rural/urban population: 41%/59% (1990 est.) Currency: cordoba oro. Originally at parity with the dollar, by March this year the cordoba had been devalued by 400% to 5 cordobas per US dollar. Transportation & communications (c. early 1991) Railroads: 373 km.; most of the system is not operational Highways: 25,000 km. total (4,000 km. paved); 368.5 km. comprises a north-south stretch of the Pan-American Highway Ports: Main ports are Corinto, Puerto Cabezas, Puerto Sandino and Rama (Corinto on the Pacific accounts for 60% of trade) Air service: International airport in Managua Airlines: Aeronica, American, Aviateca, Continental, LACSA, TACA Telecommunications: Highly developed telecommunications facilities, including approximately 45 AM radio stations, 4 TV stations, 60,000 telephone lines, mostly automatic; telex and facsimile services Visa/entry requirements: A passport is required. US citizens can obtain 30-day visas renewable in Managua. **MACROECONOMIC STATISTICS & INDICATORS** Gross Domestic Product (GDP): US\$2.6 billion (1989) GDP per capita: US\$694 (1989) Real GDP growth: 1989, -5.4; 1991, -0.7% Origin of GDP (1989): commerce, 30.4%; agriculture, 29.2%; manufacturing, 16.2%; financial services, 5.9%; transport & communications, 5.2%; other, 4.4%; government, 3.8%; construction, 3%; electricity, gas & water, 1.2%; mining, 0.7% Consumer price inflation (1991): 674% Employment by sector: 44% agriculture; 13% industry; 43% services Open unemployment: 45% (1991) Chief crops: bananas, cotton, fruit, yucca, coffee, sugar, corn, beans, cocoa, rice, sesame, tobacco, wheat Other resources: timber, shrimp Major manufactures: refined oil, processed foods, chemicals, textiles Main exports: coffee, ginned cotton, beef, bananas, sugar, shrimp, lobster and other fish products, sesame Main imports: manufactured goods, petroleum and fuels, capital goods Foreign trade: Sizeable trade deficit since 1980. Export income at a record low of US\$236 million in 1988, increased to US\$340 million in 1990, and declined to US\$278 million in 1991. Import spending peaked in 1987 to US\$838 million, and declined to US\$718 million in 1988, and US\$545 million in 1989. Imports totaled US\$630 million in 1990. Principal trade partners (1989): Exports Canada (21.1%); West Germany (16.4%); Japan (6.7%); Guatemala (5.4%); USSR (2.9%) Imports USSR (19.4%); Cuba (15.3%); Italy (11%); Mexico (12.2%); Costa Rica (9%) **FOREIGN INVESTMENT REGULATIONS & INCENTIVES** (c. late 1991) In April 1991, the National Assembly approved legislation providing protection for foreign investors, including regulations on repatriation of capital and profits. Foreigners are guaranteed the same contract rights as nationals. At present, the government is particularly interested in non-traditional export production. Foreign investors will be provided access to external credit for investment in Nicaragua within established guidelines, and are subject to Nicaraguan law and judicial system rulings. A special central government committee handles negotiations with foreign companies interested in investing on a case-by-case basis. The committee determines tax exemptions obtained by the foreign investor based on job creation potential and revenue generated per dollar invested. At present, all of Nicaragua is effectively open to create Free Trade Zone areas. The government plans to offer

exemption on imported raw materials for companies declaring themselves part of a Free Trade Zone. Another aspect of this legislation is the fact that a Zone can be public, private, or a mixed enterprise. Sample group of foreign businesses with operations in Nicaragua as of late 1990: Abbott Labs, American Standard, Bardahl Mfg. Corp., Burroughs, Chevron Corporation, Colton States Chemical Co., Cosco International, Inc., Exide Corporation, Florida International Forwarders, Inc., General Mills, Inc., Hercules Company, Ken Manufacturing Corp., McCann Erikson Co., Nassau Tape and Webbing Mills, Inc., Price Waterhouse & Co., Saint Regis Paper Co., Sea-Land Service, Inc., Standard Fruit & Steamship Co., Texaco, Inc., Transway International, Union Carbide, Xerox Corporation. CONTACTS [To call Nicaragua from the US, dial access code (011), followed by the area code (505), city access code (Managua-2), and then the number.] Consejo Superior de la Empresa Privada (COSEP) Apartado Postal 5410 Managua, Nicaragua Tel: (505) 2-2-3510/7419 Fax: (505) 2-2-7136 Camara de Comercio de Nicaragua Frente a Loteria Popular Apartado Postal 2720 Managua, Nicaragua Tel: (505) 2-7-0718/7-4713/7-0412 Commercial Counselor Embassy of Nicaragua 1627 New Hampshire Ave., NW Washington, DC 20009 Tel: (202) 939-6570 SOURCES Back issues, LADB's Central America Update, Chronicle of Latin American Economic Affairs. Caribbean/Latin American Action. 1991 Caribbean and Central American Data Book. Washington, DC: November 1990. Economist Intelligence Unit. Nicaragua, Costa Rica, Panama: Country Profile, 1991-92. London: Business International Limited, 1991. Investing, Licensing and Trading Conditions Abroad: North America/Latin America. Business International Corporation, September 1991.

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