

## **NICARAGUA**

### **Market Overview**

USDA's Office of Agricultural Affairs, OAA, in Nicaragua, hereinafter referred to as "Post," reports that U.S. food and agricultural exports through the first nine months of 2022 were nearly US\$500 million – outpacing record highs in 2021 by 30% – on higher commodity prices and sustained demand for U.S. feed grains.

Nicaragua will continue to rely on imported products to complement and supplement local production in 2024, creating opportunities for U.S. exporters amid record-setting rates of outward migration and increased sanctions against the Ortega-Murillo regime. Nearly all U.S. consumer-oriented products have duty-free access to Nicaragua under the Central America-Dominican Republic Free Trade Agreement (CAFTA-DR). Chicken meat, as well as rough and milled rice, will enter duty free and quota free in 2023, while remaining tariff rate quotas (TRQs) on dairy products will phase out on January 1, 2025.

Among the best prospects for export growth are feed grains and soybean meal as well as rice, chicken meat, pork, and snack foods.

### **Opportunities and Challenges for U.S. Food Exporters in Nicaragua**

#### **Opportunities:**

- Nicaraguan importers trust the quality and value of U.S. products.
- Preferential access and reduced tariff rates under the CAFTA-DR trade agreement.
- Proximity to Nicaragua provides lower shipping costs and shorter shipping times.
- Remaining CAFTA-DR TRQs on dairy will phase out by 2025.
- Export-oriented cattle and growing domestic poultry sectors rely on imported feed.

#### **Challenges:**

- Weak rule of law and arbitrary rulings by customs agents may result in delays, fees, and/or rejections.
- Without an Atlantic port, shipments must cross Honduras overland or transit the Panama Canal.
- U.S. products are often undercut by regional competitors on price.
- Consumer purchasing power is mismatched to higher-value U.S. consumer-oriented products.

### **Retail Sector**

The food retail sector in Nicaragua has more than 1,000 wholesalers, retailers, and distributors. Supermarket chains have expanded throughout the country in the last 10 years. There are more than 100 supermarket stores and thousands of much smaller "mom and pop" retailers.

Supermarket chains have continued to expand and modernize, supporting increased distribution of imported high-value perishable products (like pork and chicken meat), as well as consumer-packaged goods. Expansion of supermarket infrastructure has also driven growing demand for, and popularity of, retailers' own private label branded products.

The best product prospects are yellow corn, rice, wheat, soybean meal, pork meat, chicken meat, condiments, sauces, bakery goods, dairy, cereals, pasta, and a wide variety of lower-priced processed products.

### **Foodservice Sector**

The foodservice sector had been hard hit by the 2018 social-political crisis, which discouraged international tourism, even before the COVID-19 pandemic caused many hotels and restaurants to close temporarily in the first half of 2020. International tourism only began to recover (albeit tentatively) in summer 2021 and has been slowly increasing as more airlines resumed flights to Nicaragua in 2022.

The loss of formal jobs due to the 2018 crisis and the pandemic has contributed to a significant increase in informal economic activity, including HRI businesses like food trucks, which are becoming more popular in urban areas. A number of delivery service providers have also emerged from the pandemic.

The best product prospects are pork meat, chicken meat, condiments, sauces, bakery goods, dairy, cereals, pasta, and a wide variety of lower priced processed products.

### **Food Processing Sector**

Nicaragua's food processing sector is largely focused on the primary processing of meat and sugar for export. Apart from a small number of snack foods and confections, there are few locally produced consumer-oriented products. Cost-competitive regional suppliers have established recognizable brands and comprised 80% of Nicaraguan snack food imports in 2021. Relative underdevelopment and little anticipated investment in the food processing sector will continue to provide opportunities for U.S. processed products suppliers prepared to navigate the challenges of the Nicaraguan market. Most Nicaragua food processors import ingredients directly from exporters.

The best product prospects are corn, soybean, and rice.