

Doing Business in Nicaragua: A Country Commercial Guide for U.S. Companies

Chapter 5: Trade Regulations and Standards

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Import Tariffs

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Under the [National Treatment and Market Access for Goods](#) chapter of the United States – Central America – Dominican Republic Free Trade Agreement (CAFTA-DR), approximately 80% of U.S. industrial and consumer goods now enter Nicaragua duty free, with remaining tariffs phased out by 2016. Nearly all textile and apparel goods that meet the agreement's rules of origin now enter duty free and quota free, promoting new opportunities for U.S. and regional fiber, yarn, fabric, and apparel manufacturing companies.

More than half of U.S. agricultural exports now enter Nicaragua duty free thanks to CAFTA-DR. Nicaragua will eliminate its remaining tariffs on nearly all agricultural goods by 2026, including those on pork, rice, and yellow corn. Nicaragua will eliminate its tariffs on chicken leg quarters and rice by 2024 and on dairy products by 2026. For certain products, [tariff-rate quotas](#) (TRQs) allow duty free access for increasing quantities as tariffs are phased out. Nicaragua will liberalize trade in white corn through expansion of a TRQ, but there is no tariff phase out.

As a member of the [Central American Common Market](#) (CACM), Nicaragua agreed in 1995 to reduce its common external tariff to a maximum of 15%. Approximately 95% of tariff lines are harmonized at this rate or lower. In response to rising food prices, the Ministry of Trade, Industry, and Development issued [Decree 058-2007](#) and [Decree 048-2007](#) to temporarily eliminate tariffs on basic commodities such as flour and beans until December 31, 2008. The

[Nicaraguan Customs Authority](#) maintains an [online database](#) of import tariffs, including tariffs applicable under CAFTA-DR.

Trade Barriers

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The government levies a [selective consumption tax](#) (ICS) on many items, as described in Country Commercial Guide, [Chapter 3: Selling U.S. Products and Services](#). The tax is not applied exclusively to imports, but imports are taxed on the cost, insurance, and freight value, while domestic goods are taxed on the manufacturer's price. All Alcoholic beverages and tobacco products are taxed on the price charged to the retailer.

For motor vehicles, the [Nicaraguan Customs Authority](#) levies the ICS according to engine size. New and used automobiles with engines greater than 4000 cc face a tax of 30%, while those with engine less than 4000 cc pay 25%, 3000 cc pay 20%, 2,600 cc pay 15% and less than 1,600 pay 10%. U.S. cars with larger engines may face stiff price competition from manufacturers of small cars. The ISC is applied to other motor vehicles based on engine size as well.

The Ministry of Agriculture and Forestry, [Agricultural Health and Sanitation Office](#) bans the import of U.S. boneless beef from animals over 30 months of age, bone-in-beef, and live cattle; these are inconsistent with the [World Organization for Animal Health](#) (OIE) guidelines.

Import Requirements and Documentation

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An importer must present the following documentation to the [Nicaraguan Customs Authority](#):

- bill of lading
- packing list
- original invoice
- declaration of invoice authenticity
- permits issued by Nicaraguan authorities (if necessary, see below)
- certificate of origin (to determine applicability of CAFTA-DR and other trade agreements)

Importers must also register as a taxpayer with the [Nicaraguan Tax Authority](#). Once they have their tax identification number, they must register it with the Nicaraguan Customs Authority, Legal Affairs Division, which also requires importers to present proof of fiscal solvency on a monthly basis.

Food and Beverages

- The [Ministry of Health](#), Food Inspection Office, issues import permits for food and beverages.
- All imports of non-processed food must be registered with the Ministry of Agriculture, [Agricultural Health and Sanitation Office](#).
- If a product is imported in bulk and packaged in Nicaragua, a phytosanitary or sanitary certificate is required from the country of origin and the Nicaraguan [Ministry of Health](#), Food Inspection Office.
- For sugar, the Ministry of Trade, Industry, and Development, [International Trade Office](#) issues import licenses.

Medicines and Cosmetics

- The Ministry of Health, Pharmaceutical Office, issues import permits for medicines and cosmetics. Importers must present documentation demonstrating safety and effectiveness and pay \$485.10 in fees (including laboratory analysis) to obtain a sanitary registration.

For more information on registering a product or the documents required for importing pharmaceutical products, please contact:

Ministerio de Salud
Dirección de Farmacias
Complejo Nacional de Salud “Dra. Concepción Palacios” costado oeste,
Colonia Primero de Mayo, Módulo 4, Managua
Tel: (505) 289-4700, ext. 222
Fax: (505) 289-4401
div-far@minsa.gob.ni

Agriculture and Livestock

- The Ministry of Agriculture and Forestry, [Agricultural Health and Sanitation Office](#) is responsible for plant and animal health inspections.
- The Ministry of Agriculture and Forestry, [Agrochemicals Office](#), issues import permits for agrochemical products.
- The [Minister of Agriculture and Forestry](#), after consideration of risk analysis conducted by CONAGREN, makes a final decision on biotechnology imports.

- The Ministry of Agriculture, [Animal Health Office](#), issues import permits for medicine for veterinary purposes.

Telecommunications

- The [Telecommunications Regulator](#) issues imports permits for radio communication equipment, cable television installation equipment, telephone switchboard equipment, and commercial radio broadcast equipment.

Containers for Liquefied and Compressed Gasses

- The [Fire Department](#), Fire Prevention Office, issues import permits for new and used cylinders or containers for liquefied or other compressed gases.

Firearms

- The National Police, [Firearms and Ammunition Office](#) administers an import permit system for firearms, ammunition, and explosives under the Special Law for Control and Regulation of Firearms, Ammunition, Explosives, and Related Materials (amended 2006/591).

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U.S. firms must secure a permit from the U.S. Department of State, [Directorate of Defense Trade Controls](#) to export arms and ammunition to Nicaragua. For exports of other sensitive goods that may have both commercial and military uses, U.S. firms must seek authorization from the U.S. Department of Commerce, [Bureau of Industry and Security](#).

Temporary Entry

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Under the [National Treatment and Market Access for Goods](#) Chapter of CAFTA-DR, Nicaragua must provide duty-free temporary admission for products such as professional equipment, goods for display or demonstration, and commercial samples. The Chapter also includes specific provisions on the international transit of vehicles and containers.

The Ministry of Development, Industry and Trade, through the [National Export Commission](#) is responsible for administering Nicaragua's [Temporary Admission Law](#) that allows the entry of merchandise into the country and the local purchase of raw materials without having to pay taxes or duties, applicable only to merchandise that will be re-exported after being subject to a transformation

process, repair or alteration. This law only applies to companies that directly or indirectly export at least 25% of total production (no lower than US \$ 50,000 per year). [Nicaraguan Customs Authority](#) is responsible for applying this law and you may also request additional information by writing to cnpe@mific.gob.ni.

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The [Nicaraguan Technical Standard on Prepackaged Foods for Human Consumption](#) (1999/03-021) require that prepackaged foods be labeled in Spanish and indicate product origin, contents, price, weight, production date, and expiration date. The Ministry of Industry, Development and Trade, Standards Office will determine if the product complies with the labeling requirements, once the product has been registered with the Sanitation Office at the Ministry of Health.

The [Ministry of Health](#), Pharmaceutical Office requires that pharmaceutical products be packaged and labeled in Spanish for retail distribution and that their dosages be clearly indicated.

For those companies that are interested in participating in government tenders, sample products must be submitted with the required labels in Spanish.

Nicaragua is a signatory of the [Cartagena Protocol on Biosafety](#). As mandated by the protocol, Nicaragua requires that agricultural goods containing living modified organisms (LMOs)—unless 95% or greater non-LMO content—be labeled to indicate that they “may contain” LMOs.

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The [Ground Transportation Law](#) (2005/524) prohibits the import of motor vehicles that are more than 10 years old, with the exception of antique cars and donations to the fire department, Red Cross, and religious organizations.

Customs Regulations and Contact Information

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The [Customs Administration and Trade Facilitation](#) Chapter of CAFTA-DR establishes rules designed to encourage customs transparency, predictability, and efficiency. Under the agreement, Nicaragua must promptly publish its customs measures, including on the Internet. Nicaragua must also release goods from customs promptly and expeditiously clear express shipments.

The [Central American Uniform Customs Code](#) establishes harmonized customs procedures for Guatemala, El Salvador, Nicaragua, and Honduras, including

uniform documents, electronic transmission of customs information, and electronic prepayment of charges, tariffs and taxes.

Importers must use the services of a licensed [customs broker](#). Nicaragua applies the World Trade Organization [Agreement on Customs Valuation](#) to determine customs duties. Information on current customs regulations can be obtained from the Nicaraguan Customs Authority at Tel: (505) 249-5719 or (Fax) 505-249-5720 (fax).

Standards

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Overview

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The [Technical Barriers to Trade](#) Chapter of CAFTA-DR requires that Nicaragua build on the WTO [Agreement on Technical Barriers to Trade](#) to promote transparency, accountability, and cooperation on standards and regulatory issues.

Standards Organizations

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The [Technical Standards and Quality Law](#) (1996/219) establishes a National Standards and Quality Commission, including public and private sector members, to develop standards and regulations. The Ministry of Trade, Industry, and Development, [Technology, Standards, and Measurement Office](#) serves as secretariat for the commission.

The U.S. National Institute of Standards and Technology operates [Notify U.S.](#) a free, web-based e-mail subscription service that offers U.S. entities, citizens, industries, and organizations an opportunity to review and comment on proposed foreign technical regulations that can affect their businesses and their access to international markets.

Conformity Assessment

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The [Technical Barriers to Trade](#) Chapter of CAFTA-DR requires that Nicaragua recognize [conformity assessment](#) bodies located in the United States on terms

equivalent to those located in Nicaragua. Conformity assessment in Nicaragua is limited to export products such as coffee and peanuts.

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The Technical Standards and Quality Law (1996/219) establishes the Ministry of Trade, Industry, and Development, [National Accreditation Office](#), as the government entity responsible for accrediting standards certifying organizations.

Publication of Technical Regulations

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The Ministry of Trade, Industry, and Development, [Technology, Standards, and Measurement Office](#) publishes [Obligatory Nicaraguan Technical Standards](#) as well as [Standards Subject to Public Consultation](#).

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Nicaragua, along with Costa Rica, El Salvador, Guatemala, Honduras, and the Dominican Republic, signed the [Central America – Dominican Republic – United States Free Trade Agreement](#) (CAFTA-DR) in August 2004. The Dominican Republic, El Salvador, Honduras, Guatemala, Nicaragua, and the United States have already ratified the agreement. The agreement entered into force for Nicaragua and the United States on April 1, 2006.

The [Secretariat for Central American Economic Integration](#) (SIECA) provides technical and administrative support to Nicaragua, Costa Rica, El Salvador, Guatemala, and Honduras in their efforts to establish a [Central American Common Market](#). Nicaragua and other Central American countries have negotiated separate bilateral trade agreements with the Dominican Republic and Mexico. Nicaragua's negotiations with Chile have stalled over trade in sugar. Nicaraguan and other Central American countries are negotiating trade agreements with Canada, the European Union, Panama, and Taiwan.

The Ministry of Trade, Industry, and Development, [International Trade Office](#) is responsible for the negotiation and implementation of trade agreements.

The U.S. Embassy, Managua, Economic/Commercial Section takes no responsibility for actions readers may take based on the information in this guide. Readers should always conduct their own market research and due diligence before entering into any commercial arrangement.