

Country Profile : Nicaragua



Main cities : Managua (1 028 808 inhab) ; Leon (201 100 inhab) ;

Masaya (166 588 inhab) ; Matagalpa (150 643 inhab) ; Chinandega (133 361 inhab) ;

Grenade (123 397 inhab) ; Jinotega (123 548 inhab).

Urban population : 58.5%

Technology	Environmental	Economic issues	Political stability	Customs posture
Nicaragua is in the final stages of negotiations with a Brazilian consortium for the construction of a hydroelectric plant, which should cover almost a quarter of the country's current electricity needs.	The government is seeking to reduce its dependence on Venezuelan oil by developing renewable energy. Finally, a project between El Salvador, Honduras and Nicaragua for the Gulf of Fonseca was presented in 2019; this plan includes ferries between key cities as well as the establishment of a logistics park, a free trade area and a sustainable tourism hub.	Nicaragua is the poorest country in Central America and is on the Heavily Indebted Poor Countries (HIPC) list. According to the IMF, GDP fell by 4% in 2018 and should drop by 1% in 2019. COFACE estimated GDP growth at -4% in 2018 and -1.5% in 2019. A political crisis on social security has negatively affected already low public spending and investor confidence in sovereign debt. The IMF has calculated gross debt for 2018 at 97.4% of GDP and forecasts rates of 92.5% and 86.9% in 2019 and 2020, respectively.	Attempts to improve the business climate have been insufficient, institutions are weak, the justice system is ineffective and corruption is rampant. Transparency International ranked Nicaragua 152 out of 180 according to its 2018 Corruption Perceptions Index.	A member of the WTO since 1995, Nicaragua's trade policy reflects its efforts to integrate into the world economy and to diversify its exports in order to access larger markets. The Nicaraguan government recently reformed its free zone regime to promote international trade. The country has few tariffs and non-tariff barriers. The highest tariffs are applied to products such as tobacco, alcohol and agricultural products (corn and rice). Nicaragua benefits from a free trade agreement between the United States and Central America (CAFTA) as well as a free trade agreement between the European Union and Central America, mainly focused on products farm.

Who is this country already trading with?

The main countries with which Nicaragua exchanges are: The USA, Mexico, China, El Salvador and Honduras.

What are the problems facing Nicaragua today?

- Oil dependence of Venezuelan oil;
- Corruption;
- Very poor and highly indebted country;
- Very large debt.