

## Nicaragua Needs All the Basics, and More

Canada has a good reputation in Nicaragua and, while exporters have to be imaginative when it comes to transport—there is no **direct** shipment from Canada—this market of 4 million people could be interesting and lucrative for those able to respond to the country's needs.

Some Canadian companies already have responded, with Canadian exports in 1990 totalling \$10.8 million (down from \$20.1 million in 1989), earned primarily from the sale of vegetables (potatoes), machine and electrical parts.

But good opportunities also exist for the export of industrial raw materials and equipment, construction materials, medical supplies, and hospital, transport, electrical, telecommunications, and agricultural equipment.

Indeed, after almost 12 years of economic decline, Nicaragua is in need of virtually every basic product imaginable.

In particular, the priority being given to the agriculture, manufacturing and construction industries will mean a rapidly growing demand for machinery, equipment and materials in these sectors.

With a looming energy shortage and the need for major infrastructure upgrading in the transport, water, sewage, environmental and educational sectors, the future should bring internationally-financed projects of interest to Canadian firms.

As well, the government is seeking increased technology transfer and investment and intends to change its laws to make foreign investment more attractive. (At present, Canada has no foreign investment protection agreement with Nicaragua).

## Costa Rica in Privileged Position

In 1990, Canada exported \$25.6 million worth of goods to Costa Rica, a country with a population

of about 3 million people and which has enjoyed political stability for more than 100 years.

Canada's primary exports for that year included pulp, paper, fertilizer, plastics, machine and electric parts.

Large government expenditure on major projects will be limited in the near term, but there are a number of interesting IFI-financed projects that could interest Canadian firms in the transportation, electricity generation, water treatment, and environmental fields.

Civil and commercial laws provide an hospitable climate for trade and investment. Foreign ownership and investment, commercial dispute settlement, and repatriation of capital are on a national treatment basis and the government attitude is open and fair.

Regulations are at times complex and business people are advised to take normal precautions in conducting their affairs.

A variety of tax incentives are offered by the government to investors who will export their products. Indeed, there are definite advantages to any investment in Costa Rica that has an export component.

The high quality of life, abundance of skilled labour, and a well-developed infrastructure have recently put Costa Rica in a privileged position as an investment destination in Latin America and the Caribbean. The Costa Rican Investment Promotion Agency (CINDE) and the Ministry of Foreign Trade (CENPRO) are well organized to provide potential investors with essential information.

With a free market economy that is based primarily on private enterprise, Costa Rica has a broad middle class that is firmly on the economic tread mill of the global economy.

### Helpful Tips

- Spanish is the official language, but English generally is used to conduct business.
- The Central American market is highly competitive by virtue of its close proximity to southern United States ports.
- Quality is very important, particularly when dealing with well-to-do Central Americans.
- Canadian exporters must provide top-level support — in terms of service — to their sales into this region.
- Exporters should be prepared to visit customers at least once, and preferably twice, a year.
- Imports normally are paid for on confirmed letters of credit or cash-against-documents basis.
- Quotations should always be on a c.i.f. basis and in U.S. dollars.
- Goods, in most Central American countries, are subject to two duties: a specific duty quoted in U.S. dollars per gross kilogram; plus an ad valorem duty on the c.i.f. value.
- All major Canadian banks have correspondent banks in the region's capital cities, so there usually is little difficulty in arranging the necessary import/export documentation.
- Trade commissioners at the embassies can provide advice on a number of matters.
- Participating in trade fairs (see EXPOCOMER page 9) is a good way to explore potential markets.