

USDA Foreign Agricultural Service

# GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY  
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT  
POLICY

Required Report - public distribution

**Date:** 12/21/2011

**GAIN Report Number:**

## Nicaragua

### Food Processing & Ingredients Report

**Approved By:**

Kelly Stange, Agricultural  
Attaché

**Prepared By:**

Jimmy Bolaños,  
Agricultural Specialist

**Report Highlights:**

In 2010, the food industry sales in Nicaragua accounted for 30 percent of the GDP. Most of the raw materials used in the industry are sourced locally from agriculture and fishery based companies. The food industry in Nicaragua is not as developed as other Central American countries, such as Guatemala, Salvador and Costa Rica. That is why most of the finished food products found in the supermarkets are imported from other Central American countries and the United States.

**Post:**

Managua

**Commodities:**

## Executive Summary:

In 2010, the food industry sales in Nicaragua accounted for 30 percent of the GDP. Most of the raw materials used in the industry are sourced locally from agriculture and fishery based companies. The food industry in Nicaragua is not as developed as other Central American countries, such as Guatemala, Salvador and Costa Rica. That is why most of the finished food products found in the supermarkets are imported from other Central American countries and the United States.

Among the best prospects for food ingredients are cereals (wheat, rice, yellow corn and soybean meal), and animal and vegetable fats (soybean oil, palm oil, bovine, sheep and goat fats).

## SECTION I: Market Summary

In 2010, the food industry sales in Nicaragua accounted for 30 percent of the Gross Domestic Product. Most of the raw materials used in the industry are sourced locally from agriculture and fishery based companies. In 2010, the Central Bank of Nicaragua reported a U\$ 1,985 million in sales coming from the food industry. Please refer to table below.

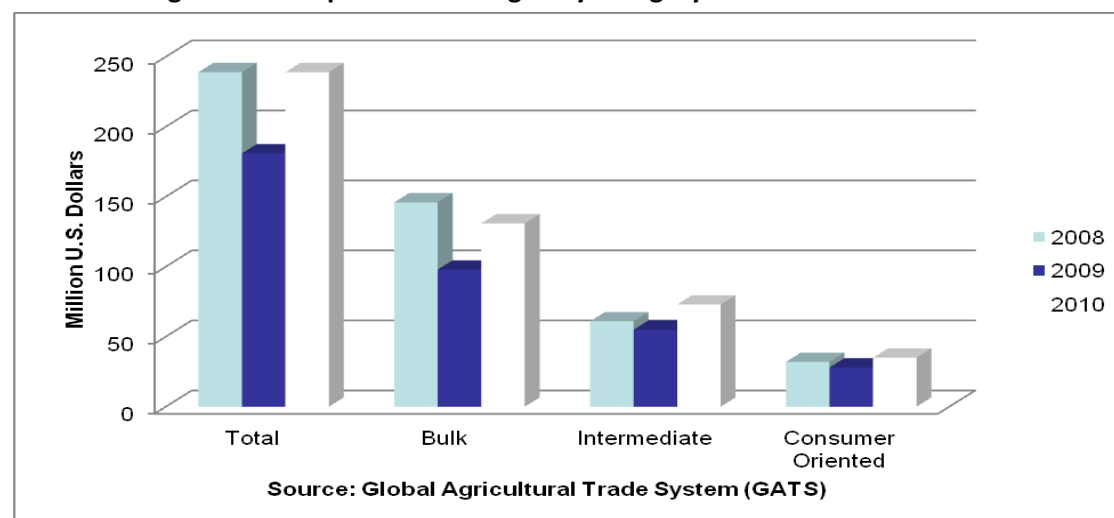
### Manufacturing Sector Output for Selected Industries (In U.S. millions)

Industries	2008	2009	2010
Meat and Fish	655.1	699.8	666.5
Sugar	186.4	196.7	187.3
Dairy Products	293.2	312	297.2
Other foods of Industrial Sources	594.6	564.9	538
Beverages	307.3	311.4	296.6
<b>Total</b>	<b>2036.6</b>	<b>2084.8</b>	<b>1,985.6</b>

Source: Central Bank.

The food industry in Nicaragua is not as developed as other Central American Countries such as Guatemala, Salvador and Costa Rica. Most of the food industries only involved in primary processing activities. Most of the finished food products found in Nicaraguan supermarkets are imported from other Central American countries and the United States. In 2010, the Ministry of Trade and Commerce of Nicaragua (MIFIC) reported a U\$ 534.8 million value on processed food imports. At the same time, Nicaragua imports a significant amount of bulk products from the United States, primarily wheat, yellow corn, soybean meal and soybean oil.

### Total U.S. Agricultural Exports to Nicaragua by Category



## Market Trends

Since the signing of the Dominican Republic Central American Free Trade Agreement (DR-CAFTA), many new supermarkets have been opened in the country - especially with the entrance of Wal-Mart in the Central American Region. This has strengthened the formal market channel and offers great opportunities to farmers and local industries in establishing formal business relations with supermarket chains. The supermarket expansion has also brought new products to the market and changes in the consumer behavior. Many people who used to buy in local markets now buy in the supermarkets.

The DR-CAFTA free trade agreement has also created a wide range opportunities for large food industries, especially in the export market. In 2010, Nicaraguan exports reached over 1.9 billion, a 33 percent increase compared to 2009. From all Nicaraguan exports, 57 percent represent agricultural products (APEN, 2011). In terms of the Nicaraguan market behavior, Nicaragua is still a price driven market. In this context, the food industry in Nicaragua strives for outsourcing good quality ingredients at the most competitive price. It is worth mentioning that Nicaragua is the poorest country in Central America and second poorest in the Western Hemisphere. Overall GDP reached \$ 6.3 billion in 2010.

Advantages	Challenge
Nicaragua Consumers trust the quality and wholesomeness of U.S. food and ingredients.	Some U.S. food/ingredients are more expensive than Central America's. The shipping costs of the United States are higher than most Central American countries. In addition to that, Nicaragua does not have a port in the Atlantic Coast which could significantly reduce these costs.
U.S. grains are very competitive in terms of price and quality.	Yellow corn and soy beans in the United States are Genetically Modified (GM). According to Nicaraguan regulations, it is forbidden to import GM products for human consumption. Yellow corn and soybean meal imports are only used for animal feeds. This limits the usage of grains by Nicaraguan industries.
U.S. food products have excellent marketing presentation.	Food product labels are printed in English. In Nicaragua most of the population just speaks Spanish.

## Section II: Road Map for Market Entry

### Entry Strategy

The Nicaraguan market is price driven, so the food ingredients offered must be competitive in price and quality. The best distribution channel to enter the food industry market in Nicaragua depends on the product to be supplied. Food ingredients consumed by large industries are generally imported directly from U.S. suppliers. For food ingredients utilized by small industries, e.g., bakeries and restaurants, those are distributed through existing wholesalers. Please see below key distribution channels.

### Market Structure

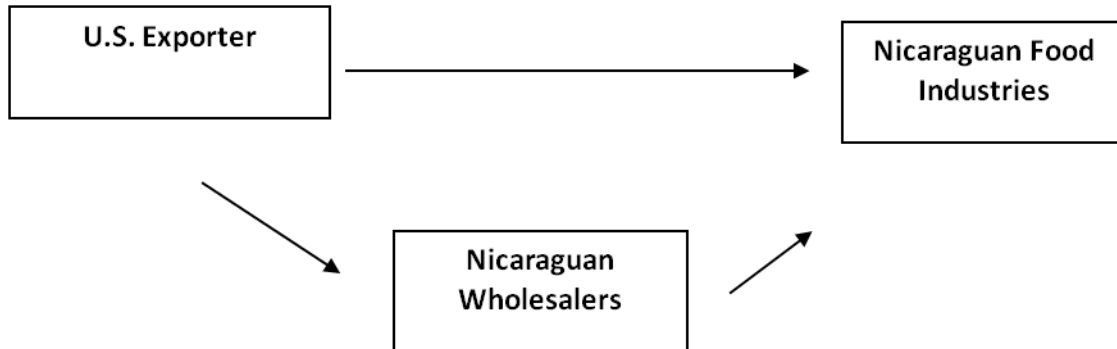
In Nicaragua there are mainly two distribution channels for the food ingredient sector: In the first one, the

product comes from the exporter directly to the food industry. In the second one, the product comes from exporters to wholesalers, and then to food industries. The second one is very common in the food service businesses.

Regarding domestic suppliers, most of them are small and in most of the cases they try to reach the final retailers without passing through wholesalers.

Please refer to Key Channels.

### Key Channels



### Section III: Competition

Overall, U.S. food products are very competitive as the economies of scale for food processing in the United States are larger than Central American Countries. However, due to the distance, U.S. shipping costs are higher than most of the countries in the region. And in the case of Nicaragua, the lack of port in the Atlantic Coast contributes to the higher shipping costs of U.S. products.

The United States has a leading market share in supplying the following products to the Nicaraguan market: cereals (wheat, rice, yellow corn and soybean meal), animal, vegetable fats and oils (soybean oil), residues, wastes of food industry, animal fodder (Soybean oil and Cake and animal feed preparations), edible fruits (apples and grapes), cocoa and cocoa preparations and meat and edible meat offal.

Products supplied to Nicaragua that the United States has low market shares include: sauces and mixed condiments, bread and biscuits, malt extracts, breakfast cereals, beverages and seafood products. The Central American countries have the highest market share in supplying these products except seafood, which comes from Vietnam and China. Please refer to tables A and B to see a detailed list of the Nicaraguan food imports, import growth and market shares of the supplying countries.

### Food Sector Growth

Among the industries which have experience substantial growths in the last years are:

### Oil Refining Industry

In 2010, Nicaraguan soy bean oil imports reached 38,405 tons, a 75 percent increase compared to 2006. Palm oil imports have also increased during the last years, in 2010 Nicaraguan imports reached 30,421 tons, compared to 2,283 tons in 2006.

### Beverage Sector

Beverage imports have increased dramatically during the last years. In 2010, non-alcoholic beverages (excluding water, fruit and vegetable juices) reached 110,874 tons, compared to 9,005 tons in 2006. Most of the Nicaraguan beverage imports come from the Central American region.

### Grain processing Sector

Nicaragua is a net importer of rice, wheat, yellow corn and soybean meal from the U.S. market. In 2010, rice imports reached 124,754 tons, a 36 percent increase compared to 2006. Wheat, yellow corn and soybean meal imports have also experience a moderate growth.

Please refer to tables below to see Nicaraguan food imports growth by product label and market shares of the main supplying countries.

**Table A: Nicaraguan Food Imports by Product Label by Value in U.S. Dollars**

Product Label	2006	2007	2008	2009	2010	Percentage Increase (2006-2010)
Animal, vegetable fats and oils, cleavage products, etc	41,548	89,485	113,328	86,107	113,779	174%
Cereals	68,767	121,705	153,129	113,856	113,016	64%
Cereal, flour, starch, milk preparations and products	29,975	71,619	73,311	75,327	82,015	174%
Miscellaneous Edible preparations	35,342	64,592	70,582	76,984	77,834	120%
Residues, wastes of food industry, animal fodder	20,942	33,302	44,557	42,121	48,628	132%
Beverages, spirits and vinegar	12,264	31,178	38,075	43,125	47,715	289%
Milling products, malt, starches, inulin, wheat gluten	18,008	24,414	28,358	34,639	31,871	77%
Dairy products, eggs, honey, edible animal product nes	17,604	24,252	26,425	26,363	31,504	79%
Vegetable, fruit, nut, etc food preparations	15,053	20,428	22,573	24,692	28,865	92%
Sugars and Sugar confectionery	8,930	15,741	18,594	16,903	19,857	122%
Edible vegetables and certain roots and tubers	8,613	11,427	12,726	10,987	17,842	107%
Meat, fish and seafood food preparations nes	15,371	14,668	15,797	16,406	17,675	15%
Edible fruit, nuts, peel of citrus fruit, melons	4,550	5,410	4,273	6,525	6,671	47%
Cocoa and cocoa	4,718	5,665	5,764	5,479	6,577	39%

preparations						
Albuminoids, modified starches, glues, enzymes	3,849	4,384	5,299	4,965	6,246	62%
Meat and edible meat offal	2,779	2,882	3,788	4,776	5,583	101%
Coffee, tea, mate and spices	4,851	4,712	3,023	4,679	4,238	-13%
Oil seed, oleagic fruits, grain, seed, fruit, etc, nes	4,048	4,060	5,182	3,694	4,199	4%
Fish, crustaceans, molluscs, aquatic invertebrates nes	279	574	1070	701	790	183%

Source: International Trade Center.

**Table B: Supplying markets for food products imported by Nicaragua**

Code	Product Label	Imported Value In 2010	Supplying market
15	Animal, vegetable fats and oils, cleavage products, etc	113,779	United States 46% Costa Rica 19% Others 35%
10	Cereals	113,016	United States 98% others 2%
19	Cereal, flour, starch, milk preparations and products	82,015	Mexico 26% Costa Rica 20% Others 29%
21	Miscellaneous Edible preparations	77,834	Costa Rica 45% United States 16% Others 39%
94	Residues, wastes of food industry, animal fodder	48,628	United States 63% Costa Rica 25% Others 12%
22	Beverages, spirits and vinegar	47,715	Costa Rica 42% Guatemala 23% Others 65%
11	Milling products, malt, starches, inulin, wheat gluten	31,871	Costa Rica 38% El Salvador 19% Others 43%
4	Dairy products, eggs, honey, edible animal product	31,504	Costa Rica 34% United States 29% % Others 63%
20	Vegetable, fruit, nut, etc food preparations	28,865	Honduras 27% United States 24% Others 49%
17	Sugars and Sugar confectionery	19,857	Guatemala 26% El Salvador 25% Others 49%
7	Edible vegetables and certain roots and tubers	17,842	Netherlands 24%

			United States 23% Others 53%
16	Meat, fish and seafood food preparations	17,675	Costa Rica 58% Guatemala 14% Others 28%
8	Edible fruit, nuts, peel of citrus fruit, melons	6,671	United States 51% Chile 20% Others 29 %
18	Cocoa and cocoa preparations	6,577	United States 27% Costa Rica 24% Others 49%
35	Albuminoids, modified starches, glues, enzymes	6,246	Guatemala 22 % Costa Rica 20% Others 58%
2	Meat and edible meat offal	5,583	United States 86% Honduras 9% Others 95 %
9	Coffee, tea, mate and spices	4,238	Vietnam 49% Sri Lanka 17% Others 66%
12	Oil seed, oleagic fruits, grain, seed, fruit, etc,	4,199	Brazil 36% United States 28% Others 64%
3	Fish, crustaceans, mollusks, aquatic invertebrates	790	Vietnam 28% China 22% Others 50%

Source: International Trade Center.

### Food Ingredients Best Prospects

The best prospects for Nicaragua were based on the growth of food imports growth during the last years.

- **Cereals** (Wheat, Rice, Yellow Corn and Soybean Meal.) Imported value in 2010 reached U\$ 113.01 million. The United States is the leading supplier.
- **Animal and vegetable fats** (Soya beans, palm oil and bovine, sheep and goat fats.) Imported value in 2010 reached U\$ 113, 01 million. The United States is the leading supplier.
- **Miscellaneous edible preparations** (Food preparations; sauces, mixed condiments, mixed seasonings.) Imported value in 2010 reached to U\$ 77.8 million. Central American countries have the largest market share in supplying these products.
- **Residues, wastes of food industry, animal fodder** (Soybean oil and Cake and animal feed preparations.) Imported value in 2010 reached U\$ 48.8 million. The United States is the leading supplier.
- **Beverages** (non-alcoholic beverages, excluding water, fruit or vegetable juices). In 2010, beverage imports reached U\$ 47.7 million. Central American Countries have the largest market share in supplying

these products.

- **Wide range of ready to eat food products.** (Bread, biscuits, wafers, cakes, and pastries, breakfast cereals, snacks, soups and confectionery products.) Just the imported value of bread, biscuits, wafers, cakes and pastries reached U\$ 37.1 million in 2010. Central American Countries have the largest market share in supplying these products.

Please refer to Appendix A to see a list of company profiles according to the different food industries in Nicaragua.

#### Appendix A: Company Profiles

##### Read Meat and Poultry Meat

List of Companies	Types of Products Processed
Industria Comercial San Martin S.A.	Beef, bait, bone meal
Matadero Central S.A	Beef, bait, bone meal
Nuevo Carnic S.A.	Beef, bait, bone meal
Novaterra S.A.	Beef cuts
Tip Top Industrial S.A.	Poultry meat
Avicola La Estrella S.A.	Poultry meat
Industrias Delmor, S.A.	Chicken and pork sausages
Carnes Industrializadas S.A.	Chicken and pork sausages
Delicarnes S.A.	Sausages and hams
Empresa de Alimentos Bavaria S.A	Sausages and hams
Industrias Cárnicas Integradas De Nicaragua, S.A.	Vacuum packed boneless beef

##### Fish and Seafood Products

List of Companies	Types of Products Processed
SHALMAN SEAFOODS	Frozen Shrimp
Camaronera de Nicaragua (CAMANICA)	Frozen Shrimp
Nica-Fish	Frozen Fish, Shrimp and Lobster
Expomar S.A	Frozen Fish, Shrimp and Lobster
Camarones del Pacifico (CAMPSA)	Frozen Shrimp
Central American Fisheries	Fish, lobster and shrimp
Corea de Nicaragua Camaronera S.A	Frozen Shrimp
Gulf King Seafoods	Frozen Shrimp
INTERNICA, S.A	Shrimp and Lobster
PAN PACIFIC FISHERIES DE NICARAGUA	Frozen Shrimp
PACIFIC SEAFOODS DE NICARAGUA	Frozen Shrimp

##### Dairy Products

List of Companies	Types of Products Processed
-------------------	-----------------------------



Compañía Centroamericana de Productos Lacteos (PROLACASA)	Pasteurized milk, cheese
Lacteos Centroamericanos S.A (CENTROLAC)	High temperature short time milk
Parmalat Centroamerica S.A.	Pasteurized Milk, cheese, orange juice.
COOPERATIVA SAN FRANCISCO DE ASIS (CAMOAPAN)	Cheese, pasteurized milk
COOPROLECHE	Pasteurized milk and cheese

### Oilseed Products

List of Companies	Types of Products Processed
Aceitera Real	Peanut Oil, Soybean Oil & peanut flour.
Fraccionadora de Occidente S.A. (Fracocsa)	Soybean Oil
Agroindustrial de Oleaginosas (Agrosa)	Soybean Oil
E. Chamorro IND	Soybean Oil

### Baked Goods

List of Companies	Types of Products Processed
Academia Nicaragüense de la Industria de la Panificación S.A. (ANIPASA)	Bread & Pastry
Aromas y Sabores SMAVI S.A.	Bread Flavorings
Bimabel de Nicaragua S.A. (BIMBO)	Bread & Pastry
Cooperativa de Panificadores Marcos García Escobar	Bread & Pastry
Delikatessen la Granja	Bread & Pastry
Industrial Don Pan S.A.	Bread
Panaderia Corzon de Oro	Bread & Pastry
Panaderia El Aguila	Bread
Panaderia el Esfuerzo	Bread
Panaderia La Baguete	Bread
Panaderia la Fuente	Bread
Panaderia Leon Dorado	Bread
Panaderia Miriam	Bread
Panaderia y Pasteleria La Suisse	Bread and Pastry
Panaderia El Trigo Dorado	Bread
Pasteleria y Terraza Margarita	Bread & Pastry
Pasteleria Sampson	Pastry
Reposteria y Panaderia Norma	Bread and Pastry
Reposteria y Queques Duya MAGICA	Pastry
Tonalli	Bread & Pastry
Krafts food/Nabisco de Nicaragua	Cookies
Industrial Carphil S.A.	Cookies and Chocolates rolls

### Confectionary Products

List of Companies	Types of Products Processed
Dulceria el buen gusto	Candies
Dulceria el Carmen	Candies
Dulceria el Encanto	Candies
Dulceria Karol	Candies

Dulceria Marina	Candies
Dulceria La Miel	Candies

### Snack Foods

List of Companies	Types of Products Processed
Dinant Nicaragua	Snacks
Distribuidora America	Snacks-Frito Lay
Distribuidora Unimar	Mr. Snack

\*Most of the snack products available in Nicaragua are imported from Central America and the United States.

### Beverages

List of Companies	Types of Products Processed
Aguardiente Extrafino Mombacho	Alcoholic beverages
Compañía Licorera de Nicaragua (Flor de Caña)	Alcoholic beverages; Rum
Compania Cervecera de Nicaragua	Beer, purified waters, juices, milk and energy drinks
Embotelladora de Occidente	Mineral water
Embotelladora Nacional (ENSA)	Mineral water
Industrias Nacional de Refrescos S.A.	Rum
Khola Shaler Industrial	Sodas, mineral water, wine
Industria Innovadora S.A.	Purified water, mineral water
Hielera la Pinolera	Purified water and mineral water
Eskimo S.A.	Orange juice
Parmalat S.A.	Orange juice
Industrias Kojak S.A.	juice
Panamco- Nicaragua Coca Cola	Sodas, juices, water, mineral water
Distribuidora EDT Nicaragua	Sodas and juices

### Condiments

List of Companies	Types of Products Processed
Commercial MSW	Spices and Condiments
Procacsa	Spices and Condiments

### Specialized food ingredients

List of Companies	Types of Products Processed
Brentrag	Additives, preservatives, sweeteners, thickeners
Industrias Quimicas Termoking	Additives, preservatives, sweeteners, thickeners

### Food Service Distributors

List of Companies	Types of Products Offered
ADIM & CIA Ltda.	Juice, tea, granola, honey
MAGNA, S.A	Tea, cereals imported meat
OCAL,S.A.	Cereals, Juices, Tomato Sauce, evaporated milk
Café Soluble	Coffee, Soups, Pasta, Tomato Sauce, Soya drinks
Comercializadora America S.A.	Frozen Vegetables

Dicegsa	Soups, juice, sauces, snacks, soybean oil
Distribuidora Nacional DINSA	Margarine, soups, juice, Snacks, etc

**Post Contact and Further Information**

E-mail address: [jimmy.bolanos@fas.usda.gov](mailto:jimmy.bolanos@fas.usda.gov)

Phone: (505) 2252-7100 Ext. 7621

Fax: (505) 2252-7276