Posted on Thu, Sep. 07, 2006

**CENTRAL AMERICA**

# A new Nicaragua grows as exports boom

## Nicaragua's reviving productive sector leads Central America in export growth, but the nation still has a lot of catching up to do.

**By Tim Rogers**

**Special to The Miami Herald**

**MANAGUA -** Emerging from the ashes of a devastated state-controlled economy in the 1980s, Nicaragua has quietly reconstructed part of its private sector to become the fastest-growing exporter in Central America.

Fueled by nontraditional products -- everything from peanuts and cheeses to frozen beef and hammocks -- Nicaraguan exports have increased by an impressive 47 percent over the last three years, according to national export-promotion group NICAEXPORT.

During that same period, other Central American countries only saw an average growth rate of 4 percent. But with exports of just $1.5 billion last year, Nicaragua still lags far behind the rest of Central America in terms of export volume and revenue.

To build upon its recent export growth, Nicaragua has sent its largest-ever trade mission to Miami this week in hopes of generating an additional $10 million in orders, according to Iván Saballos, executive director of NICAEXPORT.

Forty small and medium-sized Nicaraguan businesses, representing 60 products from around the country, are meeting with 60 U.S. buyers, including some big players such as Goya Foods of Florida.

"We are trying to get purchase orders that will be aimed principally at the ethnic market, which represents about 30 percent of the market in the United States," Saballos said.

**MIAMI CONNECTION**

For Nicaragua to make inroads into the U.S. ethnic market, Miami -- home to some 220,000 Nicaraguans -- represents an ideal beachhead.

But it's not only Nicaraguan experts who are interested in Nicaraguan products.

"The market for many of our vegetables and agricultural products is all Central Americans, and some of our tuber products are consumed primarily by the Caribbean market," Saballos said.

And he noted some Nicaragua products are following the Latino crossover trend and winning converts in the mainstream American market.

Implementation of the U.S.-Central American Free Trade Agreement, which gives Central American countries and the Dominican Republic increased access to the U.S. market for their products, including some agricultural exports, is also expected to boost Nicaragua's exports to its leading trade partner.

During the first seven months of 2006, Nicaragua's exports grew 24 percent compared to the same period during the previous year, and much of that new trade was destined for the United States.

The U.S. market currently buys 33.8 percent of Nicaragua's exports, followed closely by Central America as a bloc, which accounts for 32 percent.

But despite Nicaragua's impressive export-growth levels, it's still playing catch-up.

**LAGGING IN REGION**

A look at comparative numbers for the region shows that Nicaragua, with $1.5 billion in total exports in 2005, ranked last in Central America, well behind penultimate-ranked El Salvador's $3.1 billion and way off the pace of regional leader Costa Rica whose exports totaled $6.4 billion last year.

Not counting export statistics from free-trade zones where goods are essentially stored until they're reexported, Nicaragua's export sales plummet further to $850 million -- slightly more than the prerevolutionary export levels of the late 1970s, when Nicaragua was the regional leader.

But after a devastating revolution and counterrevolutionary war, as well as the flight of the country's businesses class, Nicaragua's productive sector had all but evaporated before the Sandinistas left office in 1990.

"The economy was collapsed in 1990, and it didn't have the capacity for production," said Erwin Krüger, head of Nicaragua's private business chamber, COSEP. "It was necessary to reconstruct capacity to return the economy to where we are today, where exports and investment are again becoming the motors of growth and development."

According to Krüger, Nicaragua's economy, now growing at a modest rate of less than 4 percent annually, has the potential to grow at 10 percent for several years.

Mario Arana, president of Nicaragua's central bank, agrees the economy is not growing as fast as it should, despite encouraging export and investment growth.

"Our investment in the economy is not as efficient as it should be," Arana said. "We are investing 27 percent of our gross domestic product into the economy, and it's only growing around 3 percent, when it could be double that."

Arana said he thinks the problem is due to weak institutions, inadequate infrastructure and dependency on foreign oil.

"We have to stop dreaming that we are going to be better off with foreign donations; this is a loser mentality," Krüger said. "We have to think about investing, creating jobs and production to take advantage of the market as a source of richness."