

WAVERLEY GATEWAY GUIDE

Connecting International Capital with Emerging & Frontier Markets

NICARAGUA

America Central

Dialogue | Trust | Partnership

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WHERE AND HOW TO ENTER

KEY INVESTMENT LOCATIONS

Location / Region	Strategic Importance	Priority Sectors
Managua (capital)	Seat of the Ortega-Murillo government, banking and the hub of most services-sector activity	Financial services, government-linked services, corporate headquarters
Las Mercedes Free Trade Zone (Managua)	Nicaragua's flagship industrial park, anchoring the country's apparel and light-manufacturing export base	Textile and apparel manufacturing, free-zone light industry
León	Secondary free-zone and agro-industrial growth corridor in western Nicaragua	Free-zone manufacturing, agro-industry
Puerto Corinto (Pacific coast)	Nicaragua's principal Pacific port and main maritime trade gateway	Port logistics, export manufacturing supply chains
Northern Mining Triangle (Bonanza, Rosita, Siuna)	Nicaragua's main gold-mining corridor, behind record 2025 gold export values	Gold mining, mineral exports
Matagalpa / Jinotega (northern highlands)	Nicaragua's principal coffee-growing region, behind a 75.1% rise in coffee export value in 2025	Coffee cultivation and agro-export processing
San Juan del Sur (Pacific coast)	Established tourism corridor drawing a smaller but persistent stream of hospitality investment	Tourism, hospitality

INVESTOR ENTRY ROUTES

- Free-trade-zone manufacturing investment under the newly liberalized, open-ended Law 917 incentive regime (April 2026 reforms), which generated \$3.58 billion in exports in 2025
- Gold mining investment in the northern Mining Triangle, riding record 2025 gold export values of \$1.971 billion
- Agro-export investment in coffee (export value up 75.1% in 2025) and beef (up 27.1% to \$960.8 million)
- Co-investment alongside Nicaragua's established non-US, non-Chinese investor base, led by Panama, Barbados, the Netherlands, Colombia, Mexico and Costa Rica
- Port and logistics investment via Puerto Corinto on the Pacific coast
- Tourism investment along the Pacific coast San Juan del Sur corridor

MARKET-ENTRY OBSERVATION

Nicaragua posted \$8.9 billion in exports in 2025, up 15.4%, led by record gold sales (\$1.971 billion), rising beef exports (\$960.8 million, up 27.1%), and a 75.1% jump in coffee export value. The free-trade-zone regime, which generated \$3.58 billion in exports and grew from 121 to 169 operating companies since 2007, was further liberalized in April 2026, making tax exemptions for zone operators and user companies open-ended and extending them for the first time to shareholder dividends and capital gains. FDI continues at a modest but steady pace (\$1.22 billion net through September 2025), led by Panama, Barbados and a broad non-US, non-Chinese investor base spanning the Netherlands, Colombia, Mexico, Costa Rica, South Korea, Japan and Spain.

That commercial activity sits beneath one of the most consolidated authoritarian systems in the hemisphere and a live, high-stakes US trade threat. A January 2025 constitutional reform named Rosario Murillo "co-president" with power to coordinate the judiciary and legislature, Ortega can now be reelected indefinitely, and the state can strip "traitors to the homeland" of their nationality (452 cases

documented, with asset confiscation). UN-appointed experts have found reasonable grounds that officials have committed crimes against humanity, and no international human rights monitoring body has had access since 2018. Separately, following an 18% tariff imposed in early 2025, an October 2025 USTR Section 301 finding leaves President Trump able to impose a universal tariff of up to 100% on Nicaraguan imports or remove the country partially or fully from CAFTA-DR - a decision not yet finalized but one that would strike directly at the United States' position as Nicaragua's largest single export market, at 38% of 2025 merchandise exports.

INVESTOR RISK & MARKET ACCESS

KEY ENTRY BARRIERS

Issue	Potential Impact	Possible Mitigation
Deepening authoritarian consolidation	The January 2025 constitutional reform concentrated power in an Ortega-Murillo "co-presidency" with authority to coordinate the judiciary and legislature, and allows indefinite presidential reelection, severely undermining rule-of-law predictability	Structure for maximum regulatory and political discretion risk; do not rely on independent judicial recourse
Pending US Section 301 trade action	An October 2025 USTR finding leaves open a universal tariff of up to 100% or partial/full CAFTA-DR removal, which would hit the US's position as Nicaragua's top export market (38% of 2025 merchandise exports)	Track USTR and White House decisions closely; avoid committing capital predicated on continued CAFTA-DR preferences
Severe, UN-documented human rights abuses	At least 87 political prisoners, deaths in custody, nationality-stripping with asset confiscation, and a UN finding of reasonable grounds for crimes against humanity create acute ESG and reputational exposure for visible foreign investors	Conduct enhanced human-rights and reputational due diligence; avoid government-linked partnerships where possible
International isolation	Withdrawal from the OAS (2023) and announced withdrawal from UN bodies (2025), with no international human-rights monitoring access since 2018, narrows diplomatic recourse and international legal protections	Rely on contractual and arbitration protections rather than diplomatic channels
Civil society and press closures	More than 5,500 NGOs have lost legal status and over 58 media outlets have closed since 2018, alongside a November 2025 telecommunications law requiring data handover to authorities	Assess telecom and data-compliance obligations carefully before entering communications-linked ventures
Transnational repression risk	Exiled opposition figures have been killed or attacked abroad, including a June 2025 murder in Costa Rica, signaling a government willing to act beyond its borders	Apply standard executive-protection and reputational-risk planning for visible personnel
Narrow, price-driven export base	2025 gold export growth was driven mainly by price rather than volume, and free-zone textile exports actually fell 24.1%, suggesting fragility beneath headline export growth	Evaluate volume and diversification trends separately from price-driven headline export figures

INVESTOR RISK NOTE

Waverley treats Nicaragua as a narrow, closely monitored opportunity rather than a market for conventional capital deployment. Free-zone manufacturing and resource-export fundamentals are real, and the April 2026 incentive liberalization is genuine, but the depth of authoritarian consolidation, the UN finding of crimes against humanity, and a live, imminent US trade-sanctions threat place Nicaragua in the same risk-monitoring tier as the most severe cases in this series. Any entry should be sized and structured for the possibility of sudden, large trade-policy disruption.

MARKET ACCESS

Nicaragua remains a CAFTA-DR member with Pacific port access via Puerto Corinto and a newly liberalized free-trade-zone regime under Law 917, but its CAFTA-DR status and preferential US market access are under direct, active threat from a pending US Section 301 trade action. The United States remains Nicaragua's single largest export destination despite the political tension between the two governments.

WHO SHOULD THE INVESTOR MEET?

INSTITUTIONAL LANDSCAPE

Actor	Why It Matters	Waverley Engagement Angle
Ministry of Development, Industry and Trade (MIFIC)	Sets trade and industrial policy, including CAFTA-DR implementation	Engage for regulatory and trade-policy matters
National Free Trade Zone Commission (CNZF)	Administers the free-trade-zone regime and the good-standing status required for the new open-ended tax benefits	Primary channel for free-zone incorporation and incentive registration
Central Bank of Nicaragua (BCN)	Publishes FDI, trade and macroeconomic data	Primary source for verifying sector-level and bilateral investment data
Office of the Presidency (Ortega-Murillo "co-presidency")	Holds concentrated executive authority to "coordinate" the judiciary and legislature under the January 2025 constitutional reform	Central point of political and regulatory risk for any government-linked dealings
US Trade Representative (USTR)	Conducting the Section 301 process that will determine Nicaragua's tariff and CAFTA-DR status	Monitor closely before underwriting any CAFTA-DR-dependent investment
UN Group of Human Rights Experts on Nicaragua	Independent body documenting rights abuses, including findings of reasonable grounds for crimes against humanity	Reference for ESG and human-rights due diligence on the operating environment
Nicaraguan free-zone and industry associations (e.g., CADIN)	Coordinate manufacturing-sector investor relations and represent free-zone operators	Engage for sector-specific introductions in free-zone manufacturing

CURRENT INTERNATIONAL BUSINESS CHANNELS

Most inbound capital flows through CNZF-administered free-zone incorporation, direct engagement with gold-mining concessionaires in the northern Mining Triangle, and agro-export cooperatives and processors in coffee and beef. Given weak independent institutions, investors typically rely heavily on direct government relationships and specialized private legal counsel rather than conventional regulatory channels.

INVESTOR PROFILE BEST SUITED

Best suited to free-zone textile and light manufacturers and resource-export investors (gold, coffee, beef) with high risk tolerance, specialized political-risk insurance, and legal structuring built around the possibility of sudden US trade-policy shifts. Not suited to investors requiring reliable independent judicial recourse or low reputational exposure.

FROM INTELLIGENCE TO ENGAGEMENT

STEP 1: Confirm sector fit and risk tolerance

Decide between free-zone manufacturing, gold mining, or agro-export investment, and confirm organizational risk tolerance for the political environment.

STEP 2: Secure political-risk insurance and specialized counsel

Engage political-risk insurance and legal counsel experienced in Nicaragua before committing capital.

STEP 3: Engage the CNZF for free-zone registration

Confirm incentive eligibility and good-standing requirements under the liberalized Law 917 regime.

STEP 4: Track USTR Section 301 developments

Monitor US trade-policy decisions closely before underwriting any CAFTA-DR-dependent cash flows.

STEP 5: Conduct enhanced human-rights due diligence

Apply rigorous ESG and reputational screening to all government-linked counterparties and public-facing partnerships.

WAVERLEY'S ROLE

- Track USTR Section 301 determinations and any CAFTA-DR or tariff decision affecting Nicaraguan exports
- Monitor UN Group of Human Rights Experts reporting and broader authoritarian-consolidation developments
- Coordinate introductions to the CNZF and sector associations for free-zone and resource-export entry
- Screen gold-mining, agro-export and free-zone manufacturing opportunities against current incentive and political-risk data

INVESTOR CALL TO ACTION

Waverley Gateway approaches Nicaragua as a narrow, specialist opportunity - positioning risk-tolerant investors in free-zone manufacturing and resource exports while explicitly tracking the authoritarian-consolidation and US trade-sanctions tracks before any capital commitment.

Risk-tolerance and sector screening -> Political-risk and ESG due diligence -> Institutional introductions -> Closely monitored entry

WAVERLEY INVESTOR INTELLIGENCE & OPPORTUNITY PIPELINE

Near-term opportunities concentrate in free-zone manufacturing under the liberalized Law 917 regime, gold mining in the northern Mining Triangle, and coffee and beef agro-export processing, alongside a narrower pipeline of Pacific-coast tourism investment - all approached as closely monitored, risk-managed opportunities rather than open-market deployment.

POSITIONING

Nicaragua combines genuinely functioning export and free-zone-manufacturing fundamentals - record gold, beef and coffee export growth in 2025, and an April 2026 liberalization making free-zone tax incentives open-ended - with one of the most consolidated authoritarian political systems in the hemisphere.

That consolidation, documented by UN experts as including reasonable grounds for crimes against humanity, sits alongside a live and specific US trade-sanctions threat that could strip Nicaragua of CAFTA-DR benefits or impose tariffs of up to 100% on its largest export market. Waverley frames Nicaragua as a narrow, specialist opportunity for risk-tolerant resource and free-zone investors rather than a market for conventional capital deployment, and recommends active monitoring of both the political and US trade-policy tracks before any commitment.

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