

Import-Export Opportunities in Nicaragua



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An International Living Import-Export report

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Opportunities in Nicaragua

Deep in Central America, Nicaragua is a land of lakes, smoking volcanoes, and rocking chairs... thousands of rocking chairs. Nicaragua's favorite item of furniture, there must be more rocking chairs here than in any other country throughout the world.

How much would you pay for a quality rocking chair in the States—\$100 or \$200? In Nicaragua, you can find them for around \$35. If you content yourself with just one, you could even carry it onto the plane—you can buy them disassembled.

In fact, if you purchase any Nicaraguan product at home, you're likely to be paying at least five times as much as what you could get them for locally and often a lot more. The fact that most artisans get monthly earnings of less than \$100 for their work should tell you that you're going to come across some incredible bargains here.

The potters of San Juan de Oriente

San Juan de Oriente is a small village nestled in the hills between the volcanoes Masaya and Mombacho. Well known for its craft work, this village has been a pottery center since pre-Columbian times. Its people have been making pots since at least the year 1,000 B.C.

The village is still inhabited primarily by descendants of the original Nahuatl (pronounced nah-whal) Indian tribes who settled in the Pacific region of Nicaragua and Costa Rica 5,000 years ago. During the days of the Spanish colonizers, the Indian potters here were so well-known for their clay work that the Spaniards called the town San Juan de los Platos (the dishes).

In this village, the potter's craft is passed from mother to daughter, father to son, as it has been for thousands of years, since before Europeans ever set foot in the New World. You still see ox carts carrying clay from the fields into town in burlap sacks. After the clay has been prepared and worked into shape, it is baked in kilns made by hand from adobe bricks assembled to look like beehives. Aside from the family-run workshops, the village is now home to a large pottery cooperative.



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The art of pottery is one that is passed from generation to generation in Nicaragua

The designs of the village's pottery run from the more traditional pre-Columbian images to contemporary geometric, floral, or Escher-inspired designs. The vast majority of the ceramics sell for between \$3 and \$18—though you can buy hand-painted bud-vases for \$2.50. (Retail stores in the U.S. marketing larger ceramic vases as garden and home accessories are generally charging customers \$35 to \$70.)

Some potters produce museum-quality collectibles. Prices from the masters are a lot higher than on the village’s main street—think starting figures of \$60 for a small bowl, not \$6. However, once you know what to look for, you start to understand the price differential.

The last time she visited Nicaragua, *IL’s* Steenie Harvey spent some time with one of our Import-Export experts Reece Guth, who you have heard from throughout this Import-Export kit. Reece’s clients include the Smithsonian, and in his company Steenie quickly learned how to recognize quality and fine workmanship. Two of Reece’s favorite ceramic artists are Gregorio Bracamonte and Helio Gutierrez. Both are internationally recognized and their work appears in the collections of heads of state, art aficionados, and corporate organizations such as the Inter-American Development Bank. Examples of Helio Gutierrez ceramics have even appeared on two Nicaraguan stamps.

Both master potters operate from private studios in their own homes, down hidden lanes away from the heart of the village. In Gregorio Bracamonte’s studio, they saw a fabulous replica of a pre-Columbian ceremonial urn decorated with stylized jaguars and serpents. Painted in natural glazes, its hollow legs rattle with clay balls which probably signified some kind of lost ritual. Reece had a Bracamonte “jaguar” urn on his website selling for \$599—similar one can be bought from Senor Bracamonte for \$350 to \$500.



©Reece Guth

*The art of pottery is one that is passed from generation to generation in Nicaragua
Pottery in a shapes and sizes can be found in Nicaragua*

Each piece is a one-off, so there will always be some variation in style and design. But similar Bracamonte jaguars have been sold elsewhere for up to \$3,000. Other pottery villages include Ducuale and Matagalpa. The tricolor clay of the Loma Panda area goes to make ceramic dolls, angels, and fantasy animals. From La Naranja comes the booming beat of clay drums. The clay that goes to make each drum’s ceramic base is taken from a nearby river—and the skins are made from the hides of local cattle.

Not far from San Juan de Oriente, the village of Masatepe is a center for furniture making, leather, and wickerwork such as baskets, mats, chairs, and wall hangings. The woodwork is incredibly skillful, and woods such as mahogany, cedar, guanacaste, and laurel are used. An exquisite hand-carved table and six matching chairs made of laurel and guanacaste wood could be yours for \$350 to \$400.

In the northern mountains of Nicaragua, the village of San Juan de Limay is close to two soapstone quarries. Villagers carve the soft stone with hand tools such as knives and chisels. As the mountains abound in pine trees, another craft in these parts is the weaving of pine needle baskets.

More about Reece's Nicaragua business, Mayta Clay

Reece was once a professional potter. He says he lived, breathed, and dreamed about pottery. Beginning as an apprentice and eventually mastering the wheel he developed a deep understanding and appreciation of the ceramic arts.

Throughout the 1980's and early 1990's Reece was an active member of the artistic community in Baltimore, Maryland where he sold his work in art shows and galleries and even opened a pottery store.

In 2000, he took advantage of a part-time job offer that, unknown to him at the time, would eventually make Mayta Clay what it is today. A company hired Reece to photograph the progress of a multi-faceted project on the Nicaraguan Pacific Coast. He says he wanted a tan in winter; it was a perfect situation. Only he didn't expect to fall in love with the country, its people and its pottery! When Reece's liaison in Nicaragua found out he had an interest in ceramics she immediately insisted on driving him two hours to a quiet little village, nestled in the hills between two sleeping volcanoes, to a spot that literally wasn't on the map...the village of San Juan de Oriente. He wasn't disappointed with what he found there. He says the pottery and talent he found was truly overwhelming.

After a number of repeat visits to the town Reece decided it would be great to be able to work with these talented artists and took the first steps to bring this artful pottery back to America. However, of paramount importance was that the venture be sustainable and worthwhile for all concerned. The potters and their families have been very gracious, often inviting him into their homes to talk about bringing their art to a wider audience.

Also of importance is the continuation of their ceramic tradition, which has become one of the strongest links to the pre-Colombian heritage of the Nicaraguan people. The potters are still using designs and techniques handed down from one generation to the next, reaching back centuries before Europeans ever set foot in the New World. They painstakingly make one delicate piece at

a time and dry it in the tropical sun. The fact that this village of less than 3,000 people produces such extraordinarily talented artists is a testament both to their skill and to the ancestral gifts left by generations past.

The beauty of their work is evident where it counts—in the pots.

To see some of the beautiful pots made by the villagers of San Juan de Oriente, see the Mayta Clay website: www.maytaclay.com.

Masaya: Nicaragua's arts and crafts center

Masaya is a city of almost 100,000 people situated 20 miles south of the Nicaraguan capital, Managua. Known as the city of flowers, it serves as the country's center for arts and crafts. The city itself has around 400 micro, small, and medium-sized enterprises engaged in woodwork— some are already exporting rocking chairs in kit form to Europe

In Masaya's Mercado Nacional de Artesanía—also known as the Indian Market—you'll see almost every kind of Nicaraguan handicraft. The largest craft market in Nicaragua, it brims with objects of desire. There's coral jewelry...saddles...finely embroidered blouses and textiles...all kinds of basketry...native paintings...wood carvings...colorful ceramics...hemp-woven wall hangings, hats, and floor mats...products made both of leather and skins including alligator and snakeskin.

If you can't make it to Masaya, and the surrounding artisan villages such as San Juan de Oriente, go to Managua to hunt around for crafts at Mercado Roberto Huembes.

Profiting from Nicaraguan government support

In 1999, the Nicaraguan government enacted what they call Law 306. It has a simple objective: to make it as easy and appealing as possible for foreign investors to contribute to the creation of tourism-related services and products in the country. That includes the development of Nicaraguan crafts or culture (folk dancing, pottery, colonial iron works, the restoration of pre-Columbian or colonial art, or the sale, say, of hammocks or traditional furniture).

Invest in any business that will help develop tourist traffic and revenues in Nicaragua and you can apply for participation in the Law 306 program. Approval takes at least 60 days and is handled by INTUR ([website: www.intur.gob.ni](http://www.intur.gob.ni)). Then set to work building your business. You'll pay no VAT on any materials or services you require, and no import duty on anything you bring into the country to

get your business going—not only when you’re building your business but for 10 years. Furthermore, you get an 80% to 90% tax exemption, again for 10 years, on proceeds from your venture. And, if your business owns land, you’re exempted from property taxes, too.

More about Nicaragua...

Nicaragua is one of the most beautiful countries in the Americas. It boasts a dramatic Pacific coastline; long, gentle Caribbean beaches; and volcanoes and freshwater lakes that dot the hilly inland.

Colonial cities like Granada and León offer visitors a taste of days gone by. And Managua is rapidly becoming a real First-World city with top-notch theaters and a range of international restaurants.

The country’s most famous beach spot has long been Montelimar, one of the largest tourist resort complexes in Central America with miles of private beaches. Newer and even bigger resorts are being developed nearby, including Nicaragua’s first five-star oceanfront hotel at Gran Pacifica. Farther south is the popular town of San Juan del Sur, where cruise ships dock regularly and some of the best surfing in Central America awaits. This charming beach town, with world-class restaurants and idyllic hill-top homes, is quickly becoming a hotspot for North American expats.

Nicaragua is virtually unknown—and usually misunderstood—by most people, which is why forward-thinking investors can find some of the best real estate deals on Earth in this country. For the record, Nicaragua’s civil war ended in 1987 and despite the re-election of former revolutionary leader Daniel Ortega, foreign investment is up, tourism continues to rise, and private property is respected. The U.S. continues to be a major financial supporter of Nicaragua, as well as its leading business partner.

In the past, Nicaragua has suffered from a serious case of bad press. But today, although critics still find fault with Ortega, the country is mostly making headlines as the latest tourist hotspot, with glowing reviews in major newspapers and popular guidebooks.

Nicaragua is a nation at peace and one of the safest countries in Central America. Its government is democratically elected, and new president Daniel Ortega has said that he is committed to a free-market economy, and is eager to attract foreign investors.

Climate

Nicaragua has a predominantly tropical climate, alternating between two seasons: rainy and dry (winter and summer). This is the result of its geographic location, between 11 and 15 degrees

latitude north, and the humidity from both the Atlantic and Pacific Oceans, which give it fairly stable seasons.

In the Central Region, the rainy season lasts from May to October. The dry season occurs from November through April. During December the weather is more temperate. The warmest months are March, April, and May.

The climate of the Atlantic coast has been classified as having the highest temperature and humidity. The temperature in this region corresponds to that in tropical jungles and ranges above 89° F.

Cost of living

You can hire a maid who will cook, clean, and do your laundry for around \$140 per month; spend just \$25 on a wonderful meal of local delicacies, complete with wine and dessert; and take advantage of U.S.-trained medical professionals who charge \$40 for a visit and will even make house calls.

Nicaragua's Retiree Benefit Program

Nicaragua's retirement laws were based upon the retiree benefits offered to many in Costa Rica during the 1980s.

Under Decree No. 628, the "Law of Resident Pensioners and Retirees," you're eligible for benefits if you are over 45 years of age and have a monthly income of at least \$700 or the equivalent in another currency. (Add an additional \$100 for each dependent family member living with you in Nicaragua.)

The benefits for those retiring in Nicaragua come mostly in the form of tax incentives. As a foreign retiree, you're entitled to:

- Pay no taxes on any out-of-country earnings.
- Bring up to \$20,000 worth of household goods for your own home into Nicaragua duty free.
- Import one automobile for personal or general use and pay no import tax or protective tariff. You can sell the automobile after five years, with an exemption from consumer sales tax.
- Import an additional vehicle every five years under the same duty exemptions.

Health care

Several hospitals and private clinics in Managua and Granada provide high-quality health care at very affordable prices. It costs just \$40 for a doctor's visit. A house call is only \$45...and house calls are routine. A CAT scan costs \$120, an X-ray \$17. Some drugs manufactured in Europe, which are not yet approved for distribution in the U.S., are available here.

Resident expatriates do warn, however, that some of the high-tech equipment you'd expect to find in U.S. hospitals isn't available in Managua. So they advise you to purchase MedEvac insurance (which costs about \$250 a year) to ensure that in case of an emergency you'll be airlifted by jet to Houston or Miami from Nicaragua.

Dental care, likewise, is affordable and first rate in Nicaragua. A laser cleaning by a U.S.-trained dentist costs \$17. And a crown is a little over \$200.

Our favorite locations in Nicaragua

Granada



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The jewel in Nicaragua's crown is a little city called Granada. It's a beautiful, bewitching place. And if your dream of an overseas property involves an old colonial home, you'll get more for your money in Granada. Granada has an unmistakable colonial charm. Red-tile roofs stand out against the dark-green cloud forest that covers the slopes of the sleeping Volcan Mombacho. Thick-walled adobe homes line the narrow streets, painted in shades of terracotta red and jade green.

One of the city's charms is its tranquility. You won't live life by the clock, rushing from one meeting to the next. Instead, you'll enjoy life to the full...lingering over meals with friends, spending the day fishing or boating on the lake, or browsing the street markets...

The Pacific Southwest



© Lee Harrison

Most recently, the Pacific Southwest region of Nicaragua has quietly been earning itself the new nickname of “The Land of Opportunity”. This is where potential is unlimited and big lofty dreams come true...dreams of owning your own personal piece of paradise. Over the past 10 years, people have been discovering the indescribable attraction of Nicaragua's Pacific Southwest Coast—the coastal zone that stretches 40 miles from the Costa Rican border northwards up through the county of Tola.

The town of San Juan del Sur is already a popular spot in this area, with its banks with ATMs, Internet cafes, fitness studios, real estate shops, tour operators, locally-run convenient stores, a Central Market, English schools, coffee shops, hotels, bars, and much, much.

The Nicaraguan seaside town of Masachapa is also worth taking a look at. An old-fashioned beach town that was popular with Managua's wealthy as far back as the 1940s, today's Masachapa is not fancy...and generally not a place where you'd come to experience fine dining and high-end amenities. But it does offer authentic Nicaraguan charm, a fantastic beach, and reasonable property prices.

Masachapa is a popular vacation home spot, and there are plenty of shops and markets that supply basic necessities for the homeowners... which now include a diverse mix of international buyers. Its wide beaches, beachfront bars and restaurants also draw many a day-trip visitor from nearby Managua on the weekends.