

**MULTILATERAL TRADE  
NEGOTIATIONS  
THE URUGUAY ROUND**

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**Group of Negotiations on Services**

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**COMMUNICATION FROM NICARAGUA**

**Conditional Offer of Nicaragua Concerning  
Initial Commitments on Trade in Services**

The following communication is circulated at the request of Nicaragua to members of the Group of Negotiations on Services.

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This offer does not imply any binding of the laws, regulations, decrees, agreements, orders and resolutions in force concerning taxation, foreign exchange, monetary, financial and labour matters, immigration, government procurement and environmental protection and conservation of natural resources inter alia.

Where relevant, the international conventions, agreements and treaties signed by and in force for Nicaragua which affect trade in the services covered by this offer will prevail. In addition, the commitments entered into by Nicaragua within the framework of Central American integration and the process of restructuring, improving and reviving it shall be observed.

Nicaragua's revised offer covers a wider area and offers a greater degree of liberalization in accordance with Nicaragua's development strategy. The sectors covered by the offer are the following:

- (1) Computer and related services
- (2) Research and development services
- (3) Other business services
- (4) Agricultural, mining and manufacturing services
- (5) Telecommunication services
- (6) Audiovisual services
- (7) Financial services
- (8) Tourism and travel related services
- (9) Reservation services
- (10) Air transport services
- (11) Transport services by railway

OFFER OF NICARAGUA CONCERNING INITIAL  
COMMITMENTS ON TRADE IN SERVICES

22 November 1993

I. GENERAL CONSIDERATIONS

This document refers to the conditional offer of the Government of Nicaragua concerning initial commitments in the framework of the General Agreement on Trade in Services. The purpose of this offer is to make a substantive contribution to the negotiations aimed at establishing multilateral disciplines and liberalizing trade in services as a means of promoting development.

This offer concerns and covers exclusively the sectors mentioned in Section III on specific Commitments and the Horizontal Measures stipulated in this section refer solely to the sectors and sub-sectors mentioned therein. The sectoral classification is based in general on the classification contained in document MTN.GNS/W/120 and the CPC classification prepared by the United Nations.

This offer is conditional upon the global results achieved in the Uruguay Round and, in particular, the degree of attention and level of commitment accorded to the service sectors and sub-sectors of priority interest for the achievement of the socio-economic goals of Nicaragua.

Nicaragua reserves the right to maintain, modify or reduce this offer at any time prior to the entry into force of a multilateral agreement, in accordance with the conditions established above.

II. HORIZONTAL COMMITMENTS APPLICABLE TO THE SECTORS LISTED IN THE  
SECTORAL PART OF THE SCHEDULE

Horizontal Measures

The main Horizontal Measures limiting, conditioning or qualifying in a general manner market access and national treatment for foreign service suppliers are the following:

1. Conditions and limitations on market access (Article XVI of the GATS)

(a) Consumption abroad

Consumption of services abroad by Nicaraguan residents will be governed by the foreign exchange provisions in force in Nicaragua, in particular the rules established by the Central Bank of Nicaragua.

(b) Commercial presence

If companies established under foreign legislation wish to carry out commercial activities in Nicaragua, they must fulfil the requirements and procedures laid down in the Civil Code, the Code of Commerce and other laws and regulations which govern commercial activities in Nicaragua.

Foreign companies whose main commercial activity is carried on from Nicaragua with the majority of their capital, their board of directors and their shareholders' meeting in Nicaragua shall be considered Nicaraguan companies.

The Law on Foreign Investment, which entered into force on 21 June 1991, specifies the obligations, rights, conditions, benefits and guarantees related to foreign investment. It also established the Foreign Investment Committee which reviews and approves foreign investment. Approval of foreign investment is subject to justification of economic necessity according to the following criteria:

- (a) It corresponds to the objectives of stability and economic development;
- (b) It respects Nicaragua's moral and cultural values;
- (c) It is consistent with the conservation and protection of the environment.

Authorization of foreign investment is formalized in an investment contract concluded between the Foreign Investment Committee and the foreign investor.

(c) Movement of suppliers

The supply of services by suppliers not resident in Nicaragua is limited to senior and specialized personnel in connection with a commercial presence and it must contribute to the training of Nicaraguan personnel in the specialized field of activity concerned. This measure applies to all sectors unless otherwise provided.

Employers must employ a minimum of 75 per cent of Nicaraguan employees. In special circumstances, the Ministry of Labour may authorize the employment of a larger number of foreigners when it is difficult or impossible to replace them by nationals, in which case the employers must train Nicaraguan personnel under the supervision and control of the Ministry for a period of not more than five years.

Professional, technical or administrative staff of foreign enterprises who wish to exercise managerial or supervisory activities must request a permit from the Ministry of Labour in order to provide their services in Nicaragua.

The supply of professional services involving the presence of natural persons for legal, accounting, auditing, engineering, architectural and medical services require the fulfilment of the conditions and the authorizations for the exercise of that particular profession.

2. Conditions and qualifications applied to national treatment (Article XVII of the GATS)

Applicable to all modes of international supply of services:

The tax reform of 7 January 1992 provides that payment of dividends to foreign shareholders is subject to a tax of 5 per cent and the tax withheld on royalties and payment of interest abroad is 30 per cent. These taxes are imposed on the income received by foreigners in addition to the income tax paid by both nationals and foreigners.

**III. SPECIFIC COMMITMENTS BY NICARAGUA**

**Key:** (1) Cross-border supply    (2) Movement of consumers    (3) Commercial presence    (4) Movement of natural persons

Sector or Sub-Sector	Limitations on Market Access				Limitations on National Treatment
<b>BUSINESS SERVICES</b>					
Computer and related services					
841 Consultancy services related to the installation of computer hardware	(1) Not bound (2) Not bound (3) None (4) Not bound				(1) Not bound (2) Not bound (3) Not bound (4) Not bound
842 Software implementation services	(1) Not bound (2) Not bound (3) None (4) Not bound				(1) Not bound (2) Not bound (3) Not bound (4) Not bound
843 Data processing services	(1) Not bound (2) Not bound (3) None (4) Not bound				(1) Not bound (2) Not bound (3) Not bound (4) Not bound
844 Data base services	(1) Not bound (2) Not bound (3) None (4) Not bound				(1) Not bound (2) Not bound (3) Not bound (4) Not bound
<b>RESEARCH AND DEVELOPMENT SERVICES</b>					
851 Research and development services on natural sciences	(1) None (2) Not bound (3) None (4) Not bound				(1) None (2) Not bound (3) None (4) Not bound
852 Research and development services on social sciences and humanities	(1) None (2) Not bound (3) None (4) Not bound				(1) None (2) Not bound (3) None (4) Not bound
853 Interdisciplinary research and development services	(1) None (2) Not bound (3) None (4) Not bound				(1) None (2) Not bound (3) None (4) Not bound

**Key:** (1) Cross-border supply    (2) Movement of consumers    (3) Commercial presence    (4) Movement of natural persons

Sector or Sub-Sector		Limitations on Market Access				Limitations on National Treatment			
(CPC 8679) Consulting services related to science and technology		(1) Not bound (2) Not bound (3) None (4) Not bound				(1) Not bound (2) Not bound (3) None (4) Not bound			
CPC (8676) Technical testing and analysis services		(1) Not bound (2) Not bound (3) None (4) Not bound				(1) Not bound (2) Not bound (3) None (4) Not bound			
OTHER BUSINESS SERVICES		(1) Not bound (2) None (3) None (4) None				(1) Not bound (2) None (3) Not bound (4) None			
871 Advertising services		(1) Not bound (2) None (3) None (4) None				(1) Not bound (2) None (3) Not bound (4) None			
<b>AGRICULTURAL, MINING AND MANUFACTURING SERVICES</b>									
881 Services incidental to agriculture, hunting and forestry		(1) None (2) Not bound (3) None (4) Not bound				(1) None (2) Not bound (3) None (4) Not bound			
882 Services incidental to fishing		(1) None (2) Not bound (3) None (4) Not bound				(1) None (2) Not bound (3) None (4) Not bound			
883 + 5115 Services incidental to mining		(1) None (2) Not bound (3) None (4) Not bound				(1) None (2) Not bound (3) None (4) Not bound			
884 + 885 Services incidental to manufacturing		(1) None (2) Not bound (3) None (4) Not bound				(1) None (2) Not bound (3) None (4) Not bound			

**Key:** (1) Cross-border supply    (2) Movement of consumers    (3) Commercial presence    (4) Movement of natural persons

Sector or Sub-Sector		Limitations on Market Access				Limitations on National Treatment			
(CPC 885) Services incidental to the manufacture of metal products, machinery and equipment		(1) None	(1) None	(2) Not bound	(1) None	(2) Not bound	(3) None	(4) Not bound	
		(2) None	(2) Not bound	(3) None	(2) Not bound	(3) None	(4) None		
		(3) None	(3) Not bound	(4) None	(3) Not bound	(4) None			
		(4) Not bound	(4) Not bound		(4) Not bound				
(CPC 886) Repair services incidental to metal products, machinery and equipment		(1) None	(1) None	(2) Not bound	(1) None	(2) Not bound	(3) None	(4) Not bound	
		(2) None	(2) Not bound	(3) None	(2) Not bound	(3) None	(4) None		
		(3) None	(3) Not bound	(4) None	(3) Not bound	(4) None			
		(4) Not bound	(4) Not bound		(4) Not bound				
887 Services incidental to energy distribution		(1) None	(1) None	(2) Not bound	(1) None	(2) Not bound	(3) None	(4) Not bound	
		(2) None	(2) Not bound	(3) None	(2) Not bound	(3) None	(4) None		
		(3) None	(3) Not bound	(4) None	(3) Not bound	(4) None			
		(4) Not bound	(4) Not bound		(4) Not bound				
<b>TELECOMMUNICATION SERVICES</b>									
7521 Cellular telephone services		(1) None	(1) None	(2) None	(1) None	(2) Not bound	(3) None	(4) None	
		(2) None	(2) Not bound	(3) None	(2) Not bound	(3) None	(4) None		
		(3) None	(3) Not bound	(4) None	(3) Not bound	(4) None			
		(4) None	(4) Not bound		(4) Not bound				
7523** Electronic mail		(1) None	(1) None	(2) None	(1) None	(2) Not bound	(3) None	(4) None	
		(2) None	(2) Not bound	(3) None	(2) Not bound	(3) None	(4) None		
		(3) None	(3) Not bound	(4) None	(3) Not bound	(4) None			
		(4) None	(4) Not bound		(4) Not bound				
7523** On-line information and database retrieval		(1) None	(1) None	(2) None	(1) None	(2) Not bound	(3) None	(4) None	
		(2) None	(2) Not bound	(3) None	(2) Not bound	(3) None	(4) None		
		(3) None	(3) Not bound	(4) None	(3) Not bound	(4) None			
		(4) None	(4) Not bound		(4) Not bound				
7523** Electronic data interchange (EDI)		(1) None	(1) None	(2) None	(1) None	(2) Not bound	(3) None	(4) None	
		(2) None	(2) Not bound	(3) None	(2) Not bound	(3) None	(4) None		
		(3) None	(3) Not bound	(4) None	(3) Not bound	(4) None			
		(4) None	(4) Not bound		(4) Not bound				

**Key:** (1) Cross-border supply (2) Movement of consumers (3) Commercial presence (4) Movement of natural persons

Sector or Sub-Sector		Limitations on Market Access				Limitations on National Treatment			
7523**	Enhanced/value-added facsimile services, including store and retrieve	(1) None (2) None (3) None (4) None				(1) None (2) Not bound (3) None (4) None			
n.a.	Code and protocol conversion	(1) None (2) None (3) None (4) None				(1) None (2) Not bound (3) None (4) None			
7523**	Circuit-switched data transmission services	(1) None (2) None (3) None (4) None				(1) None (2) Not bound (3) None (4) None			
7522 + 7523**	Private leased circuit services	(1) None (2) None (3) None (4) None				(1) None (2) Not bound (3) None (4) None			
7523**	Telex services	(1) None (2) None (3) None (4) None				(1) None (2) Not bound (3) None (4) None			
7522	Telegraph services	(1) None (2) None (3) None (4) None				(1) None (2) Not bound (3) None (4) None			
7521** + 7529**	Facsimile services	(1) None (2) None (3) None (4) None				(1) None (2) Not bound (3) None (4) None			

**Key:** (1) Cross-border supply (2) Movement of consumers (3) Commercial presence (4) Movement of natural persons

		Limitations on Market Access				Limitations on National Treatment			
		Sector or Sub-Sector							
7523**	Voice mail	(1)	None	(1)	None	(1)	None	(2)	Not bound
		(2)	None	(2)	None	(2)	None	(3)	None
		(3)	None	(3)	None	(3)	None	(4)	None
		(4)	None	(4)	None	(4)	None		
843**	On-line information and/or data processing (including transaction processing)	(1)	None	(1)	None	(1)	None	(2)	Not bound
		(2)	None	(2)	None	(2)	None	(3)	None
		(3)	None	(3)	None	(3)	None	(4)	None
		(4)	None	(4)	None	(4)	None		
<b>AUDIOVISUAL SERVICES</b>									
9611	Motion picture and video tape production and distribution services	(1)	None	(1)	None	(1)	Not bound	(2)	Not bound
		(2)	None	(2)	None	(2)	None	(3)	None
		(3)	None	(3)	None	(3)	None	(4)	None
		(4)	None	(4)	None	(4)	None		
9612	Motion picture projection services	(1)	None	(1)	None	(1)	Not bound	(2)	Not bound
		(2)	None	(2)	None	(2)	None	(3)	None
		(3)	None	(3)	None	(3)	None	(4)	None
		(4)	None	(4)	None	(4)	None		
<b>FINANCIAL SERVICES</b>									
(81115-8119)	Acceptance of deposits and other repayable funds from the public	(1)	Not bound	(1)	Not bound	(1)	Not bound	(2)	Not bound
		(2)	Not bound	(2)	Not bound	(2)	Not bound	(3)	Bound
		(3)	Bound	(3)	Bound	(3)	Bound	(4)	None
		(4)	None	(4)	None	(4)	None		
(8113)	Lending of all types, including <u>inter alia</u> consumer credit, mortgage credit and financing of commercial transactions	(1)	Not bound	(1)	Not bound	(1)	Not bound	(2)	Not bound
		(2)	Not bound	(2)	Not bound	(2)	Not bound	(3)	Bound
		(3)	Bound	(3)	Bound	(3)	Bound	(4)	None
		(4)	None	(4)	None	(4)	None		

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Sector or Sub-Sector		Limitations on Market Access				Limitations on National Treatment			
(81339)**	All payment and money transmission services	(1)	Not bound	(1)	Not bound	(1)	Not bound	(2)	Not bound
		(2)	Not bound	(2)	Not bound	(2)	Not bound	(3)	Bound
		(3)	Bound	(3)	Bound	(3)	Bound	(4)	None
		(4)	None	(4)	None	(4)	None	(4)	None
(81199)**	Guarantees and commitments	(1)	Not bound	(1)	Not bound	(1)	Not bound	(2)	Not bound
		(2)	Not bound	(2)	Not bound	(2)	Not bound	(3)	Bound
		(3)	Bound	(3)	Bound	(3)	Bound	(4)	None
		(4)	None	(4)	None	(4)	None	(4)	None
(81339)**	Money market instruments (cheques, bills, certificates of deposits, etc.)	(1)	Not bound	(1)	Not bound	(1)	Not bound	(2)	Not bound
		(2)	Not bound	(2)	Not bound	(2)	Not bound	(3)	Bound
		(3)	Bound	(3)	Bound	(3)	Bound	(4)	None
		(4)	None	(4)	None	(4)	None	(4)	None
(81333)**	Foreign exchange	(1)	Not bound	(1)	Not bound	(1)	Not bound	(2)	Not bound
		(2)	Not bound	(2)	Not bound	(2)	Not bound	(3)	Bound
		(3)	Bound	(3)	Bound	(3)	Bound	(4)	None
		(4)	None	(4)	None	(4)	None	(4)	None
(81321)*	Transferable securities	(1)	Not bound	(1)	Not bound	(1)	Not bound	(2)	Not bound
		(2)	Not bound	(2)	Not bound	(2)	Not bound	(3)	Bound
		(3)	Bound	(3)	Bound	(3)	Bound	(4)	None
		(4)	None	(4)	None	(4)	None	(4)	None
(8132)	Participation in issues of all kinds of securities, including under-writing and placement as agent (whether publicly or privately) and provision of services related to such issues.	(1)	Not bound	(1)	Not bound	(1)	Not bound	(2)	Not bound
		(2)	Not bound	(2)	Not bound	(2)	Not bound	(3)	Bound
		(3)	Bound	(3)	Bound	(3)	Bound	(4)	None
		(4)	None	(4)	None	(4)	None	(4)	None
<b>TOURISM AND TRAVEL RELATED SERVICES</b>									
7471	Travel agencies and tour operator services	(1)	Bound	(1)	Bound	(1)	Bound	(2)	None
		(2)	None	(2)	None	(2)	None	(3)	Bound
		(3)	Bound	(3)	Bound	(3)	Bound	(4)	Not bound
		(4)	Not bound	(4)	Not bound	(4)	Not bound	(4)	Not bound

Key: (1) Cross-border supply (2) Movement of consumers (3) Commercial presence (4) Movement of natural persons

		Limitations on Market Access				Limitations on National Treatment			
Sector or Sub-Sector									
7472	Tourist guide services	(1) Bound (2) None (3) Bound (4) Not bound						(1) Bound (2) None (3) Bound (4) Not bound	
(641-643)	Hotels and restaurants including catering services, providing meals to outside	(1) Not bound (2) None (3) None (4) None						(1) Not bound (2) None (3) None (4) None	
RESERVATION SERVICES									
Computerized reservation services		(1) None (2) None (3) None (4) Not bound						(1) None (2) None (3) None (4) Not bound	
AIR TRANSPORT SERVICES		(1) None (2) None (3) None (4) None						(1) Not bound (2) Not bound (3) None (4) None	
(8868)**	Repair services of aircraft	(1) None (2) None (3) None (4) None						(1) Not bound (2) Not bound (3) None (4) None	
(734)	Rental services of aircraft with operator	(1) None (2) None (3) None (4) None						(1) Not bound (2) Not bound (3) None (4) None	
(8868)**	Supporting services for air transport	(1) None (2) None (3) None (4) None						(1) Not bound (2) Not bound (3) None (4) None	
TRANSPORT SERVICES BY RAILWAY									
7111	Passenger transportation	(1) None (2) None (3) None (4) None						(1) Not bound (2) None (3) Not bound (4) None	

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Sector or Sub-Sector		Limitations on Market Access				Limitations on National Treatment			
7112	Freight transportation	(1)	None	(1)	Not bound	(1)	Not bound	(2)	None
		(2)	None	(2)	None	(3)	Not bound	(3)	Not bound
		(3)	None	(3)	None	(4)	None	(4)	None
7113	Pushing or towing services	(1)	None	(1)	Not bound	(1)	Not bound	(2)	None
		(2)	None	(2)	None	(3)	Not bound	(3)	Not bound
		(3)	None	(3)	None	(4)	None	(4)	None
8868**	Repair services of rail transport equipment	(1)	None	(1)	Not bound	(1)	Not bound	(2)	None
		(2)	None	(2)	None	(3)	Not bound	(3)	Not bound
		(3)	None	(3)	None	(4)	None	(4)	None
743	Supporting services for rail transport services	(1)	None	(1)	Not bound	(1)	Not bound	(2)	None
		(2)	None	(2)	None	(3)	Not bound	(3)	Not bound
		(3)	None	(3)	None	(4)	None	(4)	None
		(4)	None						

\*Not technically viable.

\*\*Indicates that the service specified constitutes only part of the total range of activities covered by the CPC concordance.