



## Regional Newsflash June/July 2011 Edition 39

Embassies of the Kingdom of the Netherlands

*Costa Rica, Guatemala, Nicaragua, El Salvador, Honduras and Dominican Republic*

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### Central American region



**High corn prices threaten food security** (Source: [laprensagrafica.com](http://laprensagrafica.com)) The FAO has warned that the increases in corn prices may affect food security in Central America and Mexico. Grain prices in the region have soared over the last year. Between June 2010 and June 2011, the wholesale price of white maize increased by 56% in Guatemala, 112% in El Salvador and 65% in Mexico. These increases have had a strong impact on the staple foods: The average food inflation in the region was between 7% and 8% between April and June. Maize has the most delicate balance between supply and demand of all the cereals, with inventories that tend to get reduced. The rise in international corn prices is reflected in the wholesale and retail price of white maize in Central America and Mexico.



### **Europe does not require Customs Interconnection** (Source: [sigloxxi.com](http://sigloxxi.com))

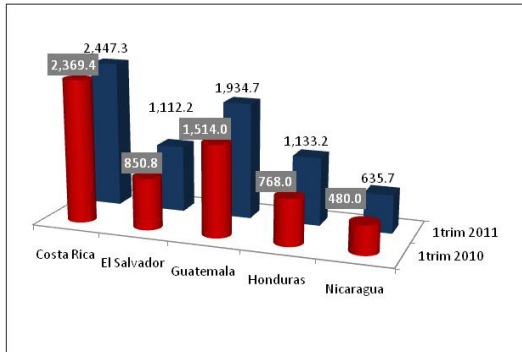
The Association Agreement between the region and the EU will start without having completed the process of a customs union, and without having created a common tariff. This is what officials declared at the European Union Trade Commission, "there are marked differences between the Central American nations that cannot be dissolved by sheer force, because they have come about by historic events." Karel De Gucht, chairman of Commerce of the Commerce Committee, also hinted at this possibility, but stressed that the private sector in the region has in its hands the possibility to promote both processes, which would be in their interests.



**Region advances integration plans** (Source: [prensalibre.co.cr](http://prensalibre.co.cr)) Authorities have signed a work plan for the second half of the year, which will focus on trade. The incorporation of Panama into the Central American economic integration subsystem and the regional private sector's improvement in competitiveness were some of the topics discussed at the Ministers of Economic Integration meeting, held in Guatemala. The possibility of lowering tariffs on raw materials not



produced in the region is another major issue which is hoped will be resolved in the second half of the year. The Costa Rican minister of Foreign Trade, Anabel Gonzalez reiterated the government's support for the incorporation of Panama, highlighting that participation in this process will have a positive impact as it will contribute to the expansion and invigoration of the Central American integration process. In terms of achievements up to this point, they have managed to solve nineteen specific problems, mainly relating to health inspection and approval of production plants, seven regulations have been finalized, and we have surpassed the initial goal by having eight more in development. What is more, the negotiation chapter on electronic commerce, which unites the Central American Treaty on Investment and Trade in Services (TICS) has been finalized.



**Intra-regional trade grows by 21%** (Source: prensalibre.com) In the first quarter, sales between the Central American countries increased by 21.3% compared to the same period in 2010. Data from the Central American Economic Integration Secretariat (SIEC) shows that Honduras increased by 52%, Costa Rica 24%, El Salvador and Guatemala 18%, and Nicaragua 0.6%. For the same period the total exports from the Isthmus (in worldwide sales) increased by 20.6%, totaling \$7,254 million. In the first 90 days of this year purchases in Central America by the rest of the world increased by 21% amounting to \$12,340

million in the same period last year it was \$10,182 million.

**Tourism growth 2006-2010** (Source: Prensa.com) Honduras had the highest growth in tourist arrivals



of all the countries in the region, with an increase of 80%. Between 2006 and 2010 Honduras received 80% more visitors, making it the destination with the most growth in the region, followed by Panama and Costa Rica with 43% and 20% respectively. In terms of the number of visitors, Costa Rica continues to lead the region with 2.4 million tourists in 2010, followed by Honduras with 2 million, Guatemala with 1.8 million, Panama with 1.7 million, and El Salvador with 1.6 million. Panama's has the highest tourism investment in this period, which amounted to \$2.000 million.

Countries are making also significant efforts to strengthen cruise tourism, according to the Tourism Promotion Agency of Central America. Honduras recently reported the arrival of 470,000 cruise passengers in the first six months of 2011, over 188 cruise ships, 115 of which landed in Mohogany Bay, which recently opened a new dock. According to the country's authorities, the activity in the country earned it \$40 million, an increase of 17% compared with 2010. Guatemala, meanwhile, confirmed the arrival of 62 cruise ships in 2011, and has exonerated from maritime tax all cruise ship tourists who stay in the country for at least 72 hours. In the case of Panama's Tourism Authority, it has set as one of its objectives for the 2010-2011 tourism campaign the promotion cruise tourism through companies such as Carnival Corp. and Royal Caribbean Cruises. In this way, according to forecasts, it is expected that in the new season 185 cruises will stop Panama or a total of 320 000 passengers, which will have a significant impact on the national economy.



**Central American coffee producers skipping intermediaries** (Source: laprensagrafica.com) They are now grinding their own grains and connecting directly with specialty roasters who pay high prices for the product. Seeking protection from the historical ups and downs in the price of coffee, there are several producers who are trying to transform the drink into an exclusive product, as with fine wines. They want to establish a premium brand and market it directly to roasters worldwide. Such is the

case of the "geisha" grains in Panama, marketed for its jasmine flavor, which reached a record price of \$170 a pound in an auction online. This trend is called "direct trade" and competes directly with other modes of marketing the grain, such as certification of organic produce. The Costa Rican Coffee Institute said that there is a boom in the country of "micro mills", designed to process coffee beans for



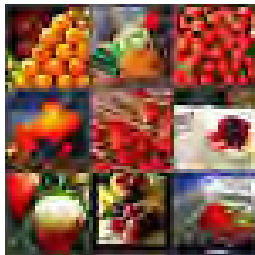
individual farms. In this way, producers gain a better quality control, a task made difficult in cooperatives and large mills where beans from several farms are mixed.

**Banks profiting in Central America** (Source: laprensa.com.ni) In May, Panamanian banks led the earnings ranking in Central America, followed by Costa Rica, Guatemala, El Salvador, Honduras and Nicaragua, in that order. The report of the Risk Rating Agency, Riesgo Equilibrium, affiliated to Moody's, said that the region's banking sector - which consists of 118 banks - is showing "substantial improvement" in profits and performance with respect to the global financial and economic crisis in 2008 and 2009. Banks in Nicaragua and Honduras need to improve their efficiency by reducing their administrative costs. In contrast, banks in Panama and El Salvador are the most efficient, while those in Guatemala and Costa Rica are located in the middle. Profits for banks in Central America and Panama totaled \$1.002 billion in May 2011, compared to \$767 million in May 2010.



**Remittances increase throughout all Central America** (Source: La Prensa) Remittances from emigrants are growing rapidly throughout Central America, that at varying rates. While in El Salvador, remittances in the first half of this year increased by 4.3 percent year on year, in Guatemala they rose by 9.5 percent and in Honduras by 11.7 percent. In absolute terms, Guatemala heads the list of the recipient countries. From January through June it received \$2.18 billion.

**Increased milk consumption in Central America** (Source: Padigital.com.pa) This decade demand for Panama is expected to increase by 18%. According to Dairy Index, a study conducted globally by the company Tetra Pak, the consumption of liquid milk in Panama will grow significantly. One of the main reasons behind the 18% rise forecast by the study is the free trade agreement, which will boost imports of the product. Other countries that will see growth in consumption are Guatemala, with 17.4%, Honduras, with 8.8%, and Costa Rica, with 7%. Emerging markets such as Asia, Africa and Latin America are those who will see the greatest demand, 30% by the end of 2020. In contrast, the mature markets of Western Europe and North America will not experience significant growth. For Dennis Jönsson, Tetra Pak President, the reason for this increase is the fact that people looking for reasonable prices, quality and safety. He concluded that emerging markets are experiencing greater availability of resources and better education.



**Del Monte to lead greenhouse production in Central America** (Source: ThePacker.com) Del Monte Fresh Produce has completed the first phase of its greenhouses, where it has started to produce beefsteak and on the vine tomatoes. The company has built 16 hydroponic greenhouses in a 10 hectare area, as well as a packing plant and support facilities in an area located 145 kilometers from Guatemala City, halfway between St. Thomas and Port Quetzal. So far, the company has hired 257 permanent workers to meet the needs of the greenhouse, a figure that is expected to double when the next phase of the project is built. Del Monte is developing more such projects in

Central America. In Costa Rica it has already started building greenhouses for tomatoes, cucumbers, eggplants and peppers.

**Rubis divests assets in Costa Rica and Nicaragua to Grupo Terra of Honduras** (source: Reuters) France-based Rubis announced the divestments of its Central American assets in Belize and Costa Rica to Unopetrol, a member of Honduras-based Grupo Terra. Completion of the sale of its assets in Nicaragua to the same group is awaiting local regulatory approvals. These assets were recently acquired from Chevron in the context of a wider contract signed in November last year. By proceeding with this divestment, Rubis has chosen to focus on the Caribbean region.



**UPS beefs up its fleet with cargo flights to Panama, Nicaragua and Honduras** (source: Atlanta Journal-Constitution) Seeing growth in Latin American economies, UPS has increased its cargo capacity by more than 50% on 19 weekly flights in the region. The US-based logistics company has replaced smaller planes with larger ones to expand the capacity of its express air network from Miami to Ecuador, Colombia, Panama, Guatemala and



Nicaragua. UPS intends to expand in the Americas, Asia and other parts of the world. Already it has 20 larger planes on order for continued capacity expansion.

## Costa Rica



**Export opportunities to Aruba and Curacao** The Dutch Embassy in San Jose wants to help the islands of the Kingdom by promoting cheaper food imports from countries such as Costa Rica and Panama. On August 18<sup>th</sup>, PROCOMER in conjunction with the Embassy of the Kingdom of the Netherlands, will hold a presentation for the market of Aruba and Curacao, as well as exploring the potential of these

Caribbean islands for the Costa Rican export sector. The activity will specially focus on the food sector, a Usd \$400 million import sector. Presentations will be held on behalf of Mr. Francisco Gamboa, Director of Business Intelligence PROCOMER, by Mrs. Roxanne Wolf, Information and Support Business Officer Chamber of Commerce and Industry of Aruba and by Mr. Giovanni Melfor of the Curacao Chamber of Commerce. To participate in this activity, please call +506 2299-4837 and ask for Esteban Varela or Gerardo Soto. The activity begins at 8:00 a.m. activity and will at close at noon, in Room 2 at the Days Hotel on Paseo Colón, San Jose, Costa Rica. The event is free.



### **New container terminal in Moin by Dutch port operator APM Terminal will benefit Costa Rica** (Source: CentralAmericaData.COM)

Costa Rica would receive \$2265 million over the 30-year period of concession on taxes on income, creating 500 direct jobs and 8000 indirect jobs. The Minister of MOPT, Francisco Jimenez, explained to the committee of the Legislative Assembly Awards the advantages and benefits of the concession to build a new container terminal in Moin. One of the main tangible benefits would be 500 direct jobs and 8000 indirect jobs. Additionally, the officer explained to the representatives that between 2015 and 2044, \$ 982 million would be generated for the development of the province of Limón, in addition to \$2265 million in income taxes. Costa Rica is currently ranked 132 in terms of port development in the World Economic Forum's list. That position,

Jimenez said, is penultimate in Latin America and last in Central America. With the new port service the country would be ranked number 56 on the list. One of the highlights of the draft concession is that one of the most important requirements, environmental sustainability, has already been fulfilled. Furthermore, the initiative has already passed three processes of consultation or appeal with the Controller General of the Republic.



### **ICA-MECO-Boskalis are awarded Oil Dock project** (Source: Costa Rican Petroleum Refinery)

The consortium will have 26 months to develop the oil dock project at Moin, at a cost of \$96 million. The Costa Rican Petroleum Refinery has awarded the construction and commissioning of the new oil dock to the consortium ICA-MECO-BOSKALIS, made up of the companies Ingenieros Civiles Asociados de CV (Mexico), Constructora Meco S.A. (Costa Rica) and Royal

Boskalis (Netherlands). According to the schedule the construction phase is expected to begin during the first quarter of 2012, finishing in the months of June / July 2014. In total this will be 26 months of construction, costing \$96 million. The project involves the construction of a dukes quay berth, on which products that the country needs, such as oil, gasoline, diesel and A-1 jet fuel, can be safely downloaded. The works at the port are to extend the current oil dock, making it necessary to dredge at



least 1.9 million cubic meters of material, extending 200 meters north of the breakwater and building four dukes berths, four moorings (two in the sea, two on land) and a loading platform. In addition, the project involves the construction of all the systems necessary to provide security and operational efficiency, such as navigational aids, pipelines for the oil transfer, fire fighting equipment, and automation and controls, among other things. The direct benefits that the development of new oil terminal will bring include the incorporation of new technologies, making port operations more efficient because they will be able to operate 24 hours a day, and it will increase the ship's capacities. The new facilities will also allow them to receive ships weighing 80,000 deadweight tons (560,000 barrels of crude oil).

## FMO

Finance for Development

### FMO and IFC provide \$30 million for SMEs and Mortgages

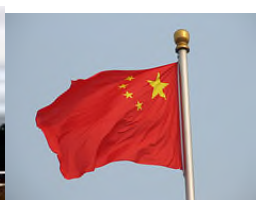
(Source: International Finance Corporation) The National Cooperative of Educators (Coopenae) will receive \$30 million from the International Finance Corporation (IFC) and the Dutch Development Bank (FMO) for loans. The funds will go to mortgage loans for low-income families and financing for small and medium enterprises. IFC, a branch of the World Bank will provide \$15 million in colones, to which are added another \$15 million also in colones provided by FMO, the Dutch development bank. As detailed in a press release, the IFC will also provide advice to Coopenae on expanding its lending to micro and small enterprises.



### Canada's prime minister Stephen Harper slated to visit Costa Rica in August

(source: Inside Costa Rica) Canada's Prime Minister, Stephen Harper, will be visiting Costa Rica the first week in August, said René Castro, Costa Rica's foreign minister. The announcement followed a bilateral meeting in the framework of the Assembly of the Organization of American States. Harper was re-elected Prime Minister in the general elections last month.

**Costa Rica's exports to Panama up 66%** (Source: Nacion.com) Between 2006 and 2010 exports from Costa Rica to Panama increased from \$267 million to \$443 million. The figure makes Panama the fourth largest importer of Costa Rican products in the world and the first in Central America, followed by Guatemala and Nicaragua. In the same period, exports to these two countries increased by 15% and 35% respectively. The main products sold are: medicines (14% of total), prepared foods (7%), power cables (5%), plastic containers (3%) and paints and varnishes (3%). The category of 'other goods' accounts for 56% of the export value to Panama, an indicator of the wide variety of goods being sold to Panamanians, whose tastes and demands are quite similar to those of Costa Ricans. Employers and the government say that exports to Panama will continue to perform well in the coming years. This conclusion is based on the positive behavior of the U.S. economy and the large investments being made. Two other factors will also help in that task: the Free Trade Agreement (FTA) between the two countries, which has been effective from 1. January 2009, and Panama's incorporation into the Central American Integration System (SICA) which is expected to be negotiate in the second half of 2011.



### \$1,200 million for new refinery

(Source: elfinancierocr.com) Recope, the fuel supplier in Costa Rica, and the China National Petroleum Corporation (CNPC) are looking for investors to install a new refinery in Limón. After several months of analysis, the Costa Rican Petroleum Refinery (RECOPE) has authorized the construction of a new plant to refine crude oil in Limón,

which will triple the processing power of the state enterprise. Now, the next step is to get members interested in providing the \$1.2 billion required to start up the project. It falls to Recope to provide \$189 million, for which it is already in talks with Banco Nacional and Banco de Costa Rica. Soresco, the company formed in 2009 by the state monopoly and the Chinese company, needs to find \$1,200 million for construction costs. It is now negotiating with the China Development Bank, the Import-Export Bank of China and the insurer SINOSURE. Representatives of these organizations visited the country in June to present Vice President Luis Liberman with several financing schemes. Similarly, the state entity and its Chinese partner are looking for a company to take charge of basic engineering



designs. Invitations have already been issued to several international companies to participate in the bidding.

**New Bunker Terminal on the Pacific coast** (Source: CentralAmericaData.COM) The Costa Rican state electricity and fuel companies have agreed to build a terminal for the supply of bunker fuel. The Costa Rican Petroleum Refinery (RECOPE SA) and the Instituto Costarricense de Electricidad (ICE), have pledged to work together in developing the Pacific Terminal project, which will allow the country to have another alternative way to import fuel which will strengthen RECOPE's value chain in infrastructure and reduces the risk of shortages, as well as providing an alternative supply of bunker fuel for consumption centres on the Pacific coast, in particular for electricity generation in the Garabito thermal plant. The Pacific Terminal is part of RECOPE's 2010-2014 Strategic Plan and is a strategic project for the country's energy security, the ICE wants to execute it as soon as possible to ensure the supply of bunker fuel. The agreement between the two bodies covers the first phase of the project consisting of, among other works:

- Construction of two tanks with capacity to store 15,900 cubic meters (100,000 barrels) of bunker fuel each.
- Construction of 11 storage tanks for clean products (gasoline, diesel and ethanol).
- System for receiving tankers loaded with ethanol blended in line
- Multiboy system for loading and unloading of ships and marine lines to connect the ship with the Puntarenas operations centre.
- Ground pipe lines for the transfer of product between the Barranca and the Puntarenas operations centres
- Pumping and pipeline for the transfer of bunker fuel between Barranca operations centre and Garabito Thermal Plant.
- Urban connection and related auxiliary facilities.

**Tax exemption for water treatment systems** (Source: elfinancierocr.com) The new law which came into effect on July 30 in Costa Rica, exempts the purchase of systems for wastewater treatment from tax. Exactly which materials and equipment benefit from the exemption has not yet been ruled on. The Ministry of Economy, Industry and Commerce (MEIC) will regulate the price of wastewater treatment systems, materials, supplies and equipment that is incorporated directly into the construction and operation. According to information from Aqueducts and Sewers (AyA), only 25% of the country has sewerage systems and only 4% of all water gets treated.

**Three more companies in medical device sector to invest millions in Costa Rica** (source: Tico Times) In the year 2000 there were only 8 such companies, the number has now reached 41 and employs more than 11,000 workers, making this one of the most dynamic sectors in the country. The recent announcement by the company MicroVention of the installation of a plant with an investment of \$8 million comes shortly after those made in the first six months of the year by the companies Helix Medical and GW Plastics. According to information from the Costa Rican Coalition for Development Initiatives (CINDE), export sales from the sector were \$1,169 million in 2010, making it the third largest force in exports. However, for this industry, the main challenge is labor supply. The new investments are for more technically sophisticated segments, which means that academic development programs need to be established to increase the level and quality of staff. Recently BeamOne LLC, a subsidiary of Synergy Health plc, announced that it will install a new plant in Costa Rica where they will provide services for sterilization using ethylene oxide. This new operation will add to the electron beam sterilization process that has been in operation since 2009 and whose expansion officially starts next week with the construction of the second phase of building in Coyol of Alajuela. For the implementation of both projects, BeamOne will invest about U.S. \$10 million (U.S. \$ 5 in the expansion and \$ 5 in the new operation).

**Barriers removed for Costa Rica chrysanthemum exports to U.S.** (Source: CentralAmericaData.COM) The product will no longer have to be kept in quarantine when entering the country. United States Phytosanitary authorities have decided to modify the entry conditions for chrysanthemums from Costa Rica. The modification is the result of efforts by the industry to eliminate the spread of pests found in chrysanthemum cuttings, which was one of the main obstacles preventing entry the U.S. market. This change is a major achievement for the foreign trade sector, as well as the



phytosanitary authorities, who have been working in coordination to achieve this change for several years.

**IBM announces Service Centre in Costa Rica** (Source: CentralAmericaData.COM) \$300 million will be invested over the next ten years to build a new centre for information technology services, creating 1,000 jobs by 2014. IBM's operation in Costa Rica currently provides services in human resource processes, management of customer relations, finance, accounting and shared services to IBM customers in North and South of the USA. The new centre will mainly provide assistance to customers of IBM's strategic outsourcing, offering server systems operations, security services and end-user services, including maintenance and monitoring of computer hardware and software systems. The services use defect prevention and problem solving processes in a collaborative way based on service management standards. Employees will manage the servers and storage systems that are critical to ensure optimum performance of the IT infrastructure of IBM clients globally, with a specific focus on the U.S. and Europe



**Costa Rica's largest recycling plant, Recresco, awarded tax incentives** (source: La República) Recresco, Costa Rica's largest recycling plant, has been declared to be of public interest, so making it eligible for fiscal incentives. The company, which is British-owned, has been operating in Costa Rica for three years. Now it aims to treble its business. The future plans of the company include reaching accords with municipal authorities.



**Guatemalan exports grow by 22%** (Source: prensalibre.com) The exporters' association estimates that this year foreign sales will exceed \$10 billion. The rise in international demand and improved prices has led the Guatemalan association of exporters (Agexport) to revise upward its forecast for exports this year. In early 2011, industry representatives predicted an increase of just 8%, well below the current estimated range of 18% to 22%. Another reason for the boost in the country's sales abroad, said Luis Godoy, president of Agexport, is China's domestic demand which is creating space for other nations to sell to the United States, as is the case for Guatemala, especially in the clothing and textile industry. The Bank of Guatemala (Banguat) reported that foreign exchange earnings from exports reached \$4,578 000. Of this amount, sales of traditional products such as sugar, cardamom, coffee and oil, rose 28% last May to \$1,539,000. In that same period, but last year, the amount of sales was \$1,201,000. Sales of non-traditional products like oils, rubber, flowers and wood, among other commodities, increased by 29.5% and last May totaled \$1,914,000. In 2010, exports of these goods were \$1,478,000. In the case of sales from Guatemala to Central America, Banguat announced that these increased by 20.8%, totaling \$1,124,000 last month.



**Guatemala energy:** High oil prices are forcing many countries to seek more affordable options, including Guatemala, which needs to add at least 125 megawatts of capacity per year. The main presidential candidates want production of hydropower, geothermal and biofuels, to represent 58% of total generation by 2022, offering incentives such as co-finance for development projects through public-private, as well as tax breaks. Currently, Guatemala is the country with the region's most expensive electricity. But it has great potential for renewable power generation. The plan is to create not a single large plant, but several medium-sized hydroelectric facilities, especially on the Usumacinta River on the border with Mexico. Opportunities for Dutch energy companies, consultants, technicians, engineers and construction companies



**Guatemala to open commercial office in China by year-end** (source: Efe) The government of Guatemala is going to open a commercial office in China by the end of this year. The aim is to promote trade and cooperation between the



two countries. All that is waiting is the formality of approval by the president's office. Chinese investors are interested in oil projects and the generation of electricity, a senior Guatemalan official said.

**Increased investment in pharmaceutical plant** (Source: sigloxxi.com) Bayer has invested \$5.1 million in its plant in Guatemala in order to increase production by 10%. As explained by Miguel Angel Parada, Consumer Care director for Bayer Central America and the Caribbean, the plant has a total capacity of 1,500 million tablets, of which 72% are currently sold in the 7 Central American countries. The best-selling product is Alka Seltzer, with 150 million tablets a year, followed by Tabcin, Cardio Aspirin, Aspirin and Cevalin. The plant's production manager, Milton Batres, "noted that, starting a year ago, self-medication pharmaceuticals in Guatemala began to make inroads into the South America and Mexican markets. Of all the trade in the region, Batres says that 10% of demand comes from Mexico, while Venezuela covers 18%. Between the two countries there is demand for 180 million tablets.

## Nicaragua



**Nicaragua and Honduras restore the trade ties that were damaged by 2009 coup** (source: Inside Costa Rica) Nicaragua and Honduras agreed to remove restrictions and restore trade ties, decreased significantly after the military coup of June 28, 2009 in Honduras. Nicaragua broke off relations with Honduras after the coup that ousted the country's constitutional president Manuel Zelaya, and trade showed a reduction thereafter. In 2009, Nicaraguan exports to Honduras, mainly consisting of agricultural products, amounted to a total of \$103 million, but they fell to only \$64.7 million in 2010.



**Chinese to review potential from Nicaraguan projects** (source: El Nuevo Diario) A Chinese business delegation will visit Nicaragua to review potential for some of the country's major development projects. The projects include the coastal highway, an oil pipeline and the development of a port at Monkey Point on the Caribbean. The projects were promoted during the recent World Forum on Chinese Investment, Nicaragua was the only Central American company invited to the event.

**Nicaraguan textiles lead in Central America** (Source: elnuevodiario.com.ni) Between January and May sales grew by 25% compared to the same period in 2010. The rise in sales to the U.S. was higher than to countries like El Salvador, Honduras and Guatemala, which increased by 19%, 17% and 13% respectively in the same period. With the 25% increase, Nicaraguan exports went up from \$381.1 million to \$476.7 million. This increase in production is confirmation of a growth trend that has been seen for several months. Dean Garcia, executive director of the Nicaraguan Association of Textiles and Apparel (Anitec), notes that the country is maintaining good momentum, and has emerged as a market leader due to an increase in production of new garments, like cotton jackets for boys and men, of 482% in the first five months of the year. In addition, production has also increased in knitted textiles, cotton, man-made fibers, man-made synthetic fabrics, and garments such as dressing gowns, pajamas and underwear which saw growth in export volume of 6,914%, 5,700% and 4,215% respectively.

**Nicaragua to increase beef exports by \$100 million.** (Source: La Prensa) The national cattlemen's association says that earnings exports are likely to top \$500 million this year. The leading export for regular cuts is the United States. But the leading markets for premium cuts are Venezuela, Costa Rica and El Salvador.

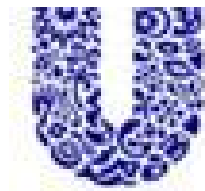
**\$15 million for production of ornamental plants** (Source: laprensa.com.ni) Ball Seed Company will invest \$15 million to start farming in Estelí, where they hope to export 60 million cuttings annually,



generating foreign currency in the order of \$6 million. Testing begins in March 2012 and then the first exports will be shipped in December of that year, according to Mario Pichardo, operations manager of Las Limas. Ball Seed announced that they will be closing their operations in Costa Rica.



**Salvadoran paper and cardboard exports up 24%** (Source: elsalvador.com) In the first five months of the year, exports of paper, cardboard and even graphic arts products have increased by 23.81% compared to the same period in 2010. In the last two years, exports of toilet paper rolls and cardboard have seen a steady increase. Data from the Salvadoran Association of Industrialists (ASI) show that since 2008, exports of paper raw materials have increased by 516%. Their main market was the Dominican Republic where they bought, in just two years, 949% more than they bought in 2008. However there is equally strong demand in Central America, especially Guatemala and Honduras. The Central Reserve Bank has listed the item in the top 10 products exported.



**33% increase in production at Unilever** (Source: elsalvador.com) The company will increase its production of detergents by 33% by 2014, with the introduction of new machinery and technology. Ernesto Pastore, plant manager, stated that the project is expected to start in October 2011. Currently the detergent plant produces a total of 75,000 tonnes annually, of which 94% is distributed in Central America and El Salvador and the remaining 6% is exported to the Dominican Republic. The executive said they will not be putting in additional equipment, but

instead are planning to upgrade some of the machinery now that higher capacity equipment exists. This substitution will of course, entail a significant investment for the next three years and generate some jobs, especially in packaging lines.

**El Salvador receives \$171 million in foreign investment** (Source: La Prensa Gráfica) El Salvador received \$170.9 million in foreign direct investment in the first quarter of this year, the central bank reports. During the whole of last year, foreign direct investment amounted only to \$89 million. However, in this year's first quarter Costa Rica received \$468.1 million of foreign investment and Guatemala \$177 million. In the whole of 2009, El Salvador received \$431 million of foreign investment.

**El Salvador invites Indian pharmaceutical companies to establish operations.** Bids to be invited soon to foreign firms (source: Press Trust of India) A top government official of El Salvador invited pharmaceutical companies to set up operations in his country as 80 per cent of its population receives medical services. El Salvador's Ambassador to India said bids for inviting foreign pharmaceutical companies would be out soon and urged Indian companies to make use of the opportunity. Currently El Salvador was importing the medical goods from the United States and Mexico, the ambassador said.



**Honduras and Canada to sign free trade accord** (source: EFE) Honduran president, Porfirio Lobo, and the Canadian prime minister, Stephen Harper, are to sign a free-trade agreement. The accord is expected to boost the exports of Honduras. Lobo and Harper are to meet in San Pedro Sula to sign the accord that reaffirms cooperation between the two countries. The accord will open the possibility of more Honduran exports and much more investment, especially in the free-trade zones of Honduras.



**Honduras central bank eyes \$3 billion in remittances** (source: La Tribuna) Honduras will receive some \$3 billion this year in remittances from



its emigrants, the nation's central bank estimates. Remittances January through April of this year came to \$1.1 billion. The remittances, which mainly come from Hondurans in the United States, were 15 percent up year on year.

**Honduras \$1 billion coffee harvest sets record by a mile** (source: El Heraldo) The forecast for the 2010-2011 coffee harvest in Honduras was set at 4.6 million 46-kilogram bags of exports. By the end of the third quarter, however, the Honduran coffee institute reported that 4.7 million bags were exported. With still a quarter to remain, the figure by the end of June set a new record. Income for the current harvest is expected to reach more than \$1 billion. The coffee equation in Central America has changed. This year, Honduras passed Guatemala as the top producer in the region that produces the bulk of the world's washed arabicas, the most expensive and sought-after coffee beans, which are used in gourmet blends.

**Honduras banana exports expected to surge to \$380 million** (source: El Heraldo) The future looks good for the banana industry of Honduras. International prices have risen considerably and the current forecast is for export earnings of \$380 million this year. Last year, sales of bananas to the international market earned \$335 million.

**Alarm as Honduras jobless rate hits more than 50 percent** (source: La Tribuna) Unemployment has reached alarming proportions in Honduras. The number of people without jobs has almost doubled in recent years. Currently 1.6 million Hondurans are without a job, some 53 percent of the economically active population. More than 600,000 young people aged from 12 to 19 years old neither work nor study. Free-zone factories in Honduras fear that they will lose 20,000 jobs by the end of this year. The leader of the free-zone plants, Daniel Facussé, said that already 2,000 jobs have been lost and the future looks bleak, most companies are relocating to Nicaragua and El Salvador.

## Dominican Republic



**US\$ 500 million dollar in sovereign bonds** (source: Listin Diario) Barclays Capital and JP Morgan will manage the placement of US\$500 million in dollar-denominated debt to fixed-income investors in Europe and the United States. As reported, these are 144A/RegS dollar bonds. A financial mission seeks to negotiate the bonds at a 7-7.5% interest rate.

**Credit rating of the Dominican Republic** (source: Listin Diario) Rating agencies have issued the following ratings: Standard & Poor's, B+/Stable (13 June 2011); Fitch Ratings, B/Positive (5 January 2011). , Moody's Investors Service rates the Dominican Republic at B1. S&P said that continued growth will be helped by the reopening of a key nickel mine this year and the planned 2012 production start at Barrick Gold's Pueblo Viejo goldmine project, the Dominican Republic's largest foreign investment project. Nonetheless the risk assessment agency warns that "Despite buoyant economic growth, fiscal challenges persist as revenue collection lags behind the economic expansion". S&P expects growth to be 5.5% this year.

**Foreign investment drops** (source: Diario Libre) The Economic Commission of Latin America (ECLAC) says that direct foreign investment in the Dominican Republic in 2010 has declined by 25% compared to 2009. The DR continues to receive the highest level of foreign investment in the Caribbean, with 41% of the total in the region. Mexico was the leading investor in the DR with US\$369.2 million, followed by Canada with US\$329.2 million, the United States with US\$306.8 million, Spain with US\$299.3 million, Venezuela with US\$140.4 million and the Netherlands with US\$62. 1 million.

**Tender for highway of 102 kilometers** (source: El Caribe) The Presidency has announced that a tender will be held for the contracting of the US\$389 million roadway from Pedernales to Hondo Valle in the center and south of the border region with Haiti. The Presidency recently revoked an order that



granted the work to a local and Brazilian consortium without tender after the news was made public. The government argued that Law 340-06 on Procurement contemplates the urgency declaration in cases of natural tragedies. The work was for US\$389 million plus a counterpart contribution of US\$77.8 million by the state. The financing of the public work is not mentioned. Brazilian companies have secured Brazilian export agency financing (BNDES) in the past. The first phase involved building 102 kilometers of highway but the plan is to build a complete 250 kilometers of the roadway with a total investment of US\$700 million.

**Natural gas is preferred** Industry and Commerce Minister Manuel Garcia Arevalo said that the rising petrol prices have motivated the government to move ahead on initial plans for widespread natural gas distribution. The Ministry has granted 65 licenses for the installation of natural gas stations this year. He said some 20 stations would be operating by fall. He also said OMSA is converting 200 buses to natural gas. He said the Bonogas program provides financing for public cars to convert their vehicles to natural gas, and he expects 15,000 to 20,000 vehicles to do so this year.

## Trade Events

**Business leaders from 40 countries to debate free zones in Central America** (source: AFP) Some 400 representatives of companies from 40 countries are expected to take part in the annual meeting of the Latin American association of free zones, to be held in Guatemala in October. The aim of the meeting is to attract investment in Central America. It will be held October 26 through 28. Among the countries to be represented are Mexico, Uruguay, Chile, Spain, Portugal, the United States, China, Taiwan and the Philippines.



### **Spreekdagen Latijns-Amerika, 29-30 november 2011**

Verken uw kansen in Argentinië, Brazilië, Chili, Colombia, Costa Rica, Cuba, El Salvador, Honduras, Mexico, Panama, Peru, Suriname en Uruguay. De spreekdagen geven u een unieke gelegenheid om samen met vertegenwoordigers van

diplomatieke posten uit verschillende landen te kijken naar uw kansen op de lokale markt.

NL EVD Internationaal; Afdeling Evenementen, Telefoon: (088) 602 83 99

E-mail: [evenementen@info.agentschapnl.nl](mailto:evenementen@info.agentschapnl.nl)

Meer informatie: <http://www.agentschapnl.nl/onderwerp/international-challenge>

## More information



The Embassy of the Kingdom of the Netherlands in Costa Rica (also responsible for Panama, El Salvador and Honduras), Nicaragua and Guatemala welcomes you to the new Business Guide for Central American firms that are interested in doing business with the Netherlands. The Netherlands are part of the Kingdom of the Netherlands, which consists of four countries, namely, Aruba, Curacao and Sint Maarten. All are islands in the Caribbean. In 2008, the Dutch embassies in Central America launched the digital trade guide for Dutch entrepreneurs known as "Handelswijzer" with the purpose of providing information on doing business in Central America ([www.handelswijzer.com](http://www.handelswijzer.com)). In 2009 we launched the virtual trading platform to facilitate communication between Dutch and Central America companies ([www.centralamericab2b.com](http://www.centralamericab2b.com)). Now we produced a guide to Central American firms wishing to do business with the Netherlands and Europe (EU), named [www.guiadecomercio.nl](http://www.guiadecomercio.nl). All these instruments were developed to assist companies in finding business opportunities and promote trade.



*Pioneers in international business*

#### **TRADEPLATFORM:**

In 2009 the Departments of Commerce of the Dutch Embassies Guatemala-City, Managua and San José developed a trade platform. This Business to Business (B2B) tool helps Central American and Dutch companies to get in touch with the aim of exchanging information and doing business. The

website [www.doingtradeincentralamerica.com](http://www.doingtradeincentralamerica.com) provides information sources for Dutch companies interested in doing trade with Central American companies, and groups them together on this website. On the 1<sup>st</sup> of November 2009 the Embassy of the Netherlands has launched a trade platform, which can be found at [www.centralamericab2b.com](http://www.centralamericab2b.com). This service is provided free of charge. The services of this trade platform include the possibility to promote your company, to publish your trade leads, to search for potential contacts or partners in the different countries and sectors, and to contact the companies that you are interested in. In addition, notifications of events that could be of interest to Dutch or Central American companies will be published on this platform. To maximize the accessibility for all parties, the website is in English. Furthermore, a short manual is provided to make the usage of the website as easy as possible.

To benefit from all these services, please register your company at [http://www.centralamericab2b.com/index.php?option=com\\_comprofiler&task=registers](http://www.centralamericab2b.com/index.php?option=com_comprofiler&task=registers).



#### **EVD country webpage**

The NL EVD Internationaal provides Central American country web pages where you can find up-to-date information, such as: business news, economical developments, tenders, country information (incl. fact sheet and laws), interesting sectors, activities, important documents and the business country guide from the Embassy of the Kingdom of the Netherlands. For more information visit the website: [www.evd.nl/landen](http://www.evd.nl/landen). More information can also be obtained from Judith Brussee, e-mail: [centraal-amerika@info.agentschapnl.nl](mailto:centraal-amerika@info.agentschapnl.nl) telephone: +0031 (088) - 602 80 97.



Ambassade van het  
Koninkrijk der Nederlanden

**Embassy of the Kingdom of the Netherlands as information source**



On the website of the Embassy of the Kingdom of the Netherlands in San José (for the countries Panama, Costa Rica, Honduras and El Salvador) you can not only find general information about these countries in our resort, but also specific commercial information. Our 'handelswijzers' business trade guides entail broad and up-to-date information on how to do business in each of the four countries, they are meant as a tool/guide for Dutch exporters and investors. For more information visit: [www.holanda.cr](http://www.holanda.cr), [www.handelswijzer.com](http://www.handelswijzer.com), [www.doingtradeincentralamerica.com](http://www.doingtradeincentralamerica.com) or [www.centralamericab2b.com](http://www.centralamericab2b.com).

For more information you can contact our commercial department at the Dutch Embassy in San José thru email [sanjose@trade-minbuza.nl](mailto:sanjose@trade-minbuza.nl) or by phone (00506) 2296 1490 (Luc Schillings or Hans Buhrs).

You can also contact our Consulaat-Generaal in Panama, Phone: (00507) 263 6494 or (00507) 264 7257 (Jennie van Haren). Email: [consuladonl@cwpanama.net](mailto:consuladonl@cwpanama.net)

For more information about Guatemala you can contact the commercial department of the Dutch Embassy in Guatemala City by email; [gua-ez@minbuza.nl](mailto:gua-ez@minbuza.nl) or by telephone (00502) 2381 4300 (Susana Azurdia). More information can be found on the website: [www.mfa.nl/gua](http://www.mfa.nl/gua)

For more information about Nicaragua you can contact the commercial department of the Dutch Embassy in Managua by email [mng@minbuza.nl](mailto:mng@minbuza.nl) or by telephone (00505) 2276 8630 (Jan Bauer, Luis Bravo) For more information visit the following website: [www.embajadaholanda-nic.com](http://www.embajadaholanda-nic.com) .

For more information about the Dominican Republic contact the commercial department of the Dutch Embassy in Santo Domingo by email [std-ea@minbuza.nl](mailto:std-ea@minbuza.nl) or by telephone (00 1 809) 262 0320 (Reinier Davina) More information is available on the following website: [www.holanda.org.do](http://www.holanda.org.do)