



Regional Newsflash August 2010 Edition 31

Embassies of the Kingdom of the Netherlands

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

The regional newsflash is a publication composed by the Embassies of the Kingdom of the Netherlands in Costa Rica, Guatemala, Nicaragua and Dominican Republic. The newsflash provides an update in terms of imperative economical developments, the most important tenders and a selection of other relevant business news that have to do with the region. This newsflash is shared with a distinctive group of Dutch businesses with special interests in the region or in a specific country. It consists of publicly available information from various sources such as news articles, press releases, and third party information. The Embassies of the Kingdom of the Netherlands in San José, Guatemala, Nicaragua and Dominican Republic are not responsible for the accuracy of the published information. If you do not want to receive the regional newsflash, or wish to add a person to the distribution list, or would like to send a response, please feel free to send an email to sanjose@trade-minbuza.nl. For Panama a separate newsletter is published.

Central American region



Central American and Caribbean ministers gather in Florida on renewable energy (Source: RTT News) Energy Ministers from Central America and the Caribbean have gathered in South Florida for a meeting on renewable energy and site visit beginning. The program is co-hosted by the Organization of American States, the United States, and Brazil. Energy Ministers and senior officials from the Dominican Republic, El Salvador, Haiti, Guatemala and Jamaica will participate in the tour, the US Department of State said.

Regional ministries gather in El Salvador in efforts to forge customs union (Source: Prensa Libre) Delegates from the Economy ministries of Central America met in San Salvador for a meeting to eliminate trade obstacles in advance of the region's long-awaited customs union. The aim is to remove barriers to cross-border merchandise, especially in products from small and medium-sized firms. Central America has been trying to introduce a customs union for 50 years, but conflicts among governments and companies have so far blocked the proposal.

Terra seeks energy projects in Costa Rica and Panama (Source: El Heraldo) Grupo Terra, of Honduras, has consolidated its position in Guatemala, and now it is looking south for new opportunities. Following the inauguration of its 94-megawatt Xacbal hydroelectric plant in Quiché, the next step for Terra is to seek new energy investments in Costa Rica and Panama. The president of Grupo Terra, Fredy Nasser, spoke about his company's success in neighboring nations and the obstacles it faces in its own country.

Hidalgo Bancorp to launch \$40 million fund for projects in clean technology (Source: i-Newswire) Hidalgo Bancorp has announced launch of a \$40 million fund to aid cleantech companies in Central America. The funding program will develop jobs and reduce carbon emissions within developing countries as Nicaragua, El Salvador, and Belize. Cary Lee Peterson, president of Hidalgo Bancorp comments, "The need for positive financial aid to this part of the world can produce



tremendous results for the community, economy, and the environment.” The cleantech fund consists of grant and loan programs to small businesses operating in Central America that offset carbon emissions through renewable and alternative energy solutions.

Investment regenerate Central American ports in bid to remain competitive (Source: Port Strategy) Ports in Central America are investing as a means of remaining regionally competitive, according to the Central American Commission for Maritime Transport (Cocatram). The organisation notes that for 2012, the ports of Santo Tomás de Castilla on the Atlantic coast of Guatemala will operate with four specialist terminals, requiring \$300 million in investment. Meanwhile, in El Salvador, the port of La Unión opened in June at a cost of \$185 million.



Dutch APM Terminals in the run to become the largest foreign investor in Costa Rica

The Netherlands giant APM Terminals is the only company interested in building and operating a new container port in Moin. Yesterday, the National Concession Council conducted the official ceremony for receipt of tenders and, although 65 firms bought the poster, APM Terminals only translated it into an offer. The company is interested in building a new \$ 912 million terminal , 1,500 meters long and five berths for ships carrying serve up to 65,000 tons each. APM Terminals is the second largest port company in the world, based in the

Netherlands, active in 34 countries operating 50 ports. Francisco Jiménez , Minister of Transport , said that other mega-firms such as Dubai Ports or the French CMA, did not participate due to the economic downturn of 2009. The Concessions Council has 45 working days to discuss the technical bid APM Terminals. Exceeding expectations, they then will proceed to open the financial proposal and the concession could be awarded later this year.

Holland's Van Oord wins Moin oil terminal dredging contract (Source: Business News Americas)

Costa Rica's state refiner Recope announced Dutch company Van Oord Dredging and Marine Contractors was awarded the contract to dredge the Moin oil terminal. The project will allow larger tonnage ships to arrive and reduce shipment frequency and cost. The contract is worth \$14 million and works are due to begin by year-end and wrap up in the first quarter of 2011.

Frontier Airlines to launch new seasonal route to Liberia, Costa Rica (Source: Associated Press)

Frontier Airlines will begin seasonal service to Liberia, Costa Rica starting Feb. 13 of next year. Liberia is about four hours northwest of the capital, San José, by bus. It is also a jumping off point for beach resorts on the West Coast. Frontier, a unit of Republic Airways Holdings, will operate weekly nonstops to and from its hub at Denver International Airport.

Costa Rica 'will double mobile subscribers within four years' (Source: Cellular News)

Costa Rica's telecommunications market offers opportunities with its new liberalization, opening the door for boosting mobile penetration to 136 percent by 2015 with prepaid subscriptions, according to a new report from Pyramid Research. Costa Rica is the last country in Latin America to liberalize its telecommunications industry. Now, the regulator has been busy with the liberalization of fixed and mobile services taking place. "Costa Rica is auctioning three mobile licenses over the next few months, and the process is expected to be completed before year end," says José Magaña, senior analyst at Pyramid Research.



More than half of all Costa Ricans have Internet and computers at home (Source: ANSA) Some 53 percent of the Costa Rican population uses Internet, according to a study by CID Gallup for Radiográfica Costarricense (Racsa). Racsa is a company of the state-owned Costa Rican Electricity Institute. It provides Internet service. The study says that 52 percent of homes have a computer at home. Currently, more than a million people have access to Internet in their home, up from about 700,000 a year earlier.

Invitation to Tender for \$200 million Sanitation System (Source: bnamericas.com) Towards the end of the month Heredia's Public Services Corporation (ESPH) will invite bids for a sewage infrastructure project. The project, which is to be carried out north of the Costa Rican capital in the province of Heredia, comprises the building of a sewage treatment plant (\$30 million) as well as the design and construction of a sewer network (\$170 million). "The bid documents are currently being reviewed by ESPH's board of directors. Once this process is completed, the tender will be published in Costa Rica's official newspaper ("La Gaceta") and other national media," stated spokesperson for the initiative, Francisco Angulo. He added that, "we intend to publish the documents within the next two weeks (beginning september)".



\$140 million for coffee kick-start in Costa Rica (Source: Associated Press) The government of Costa Rica will invest \$140 million on renovation of 30,000 hectares of coffee that need to be brought up to international standards after 20 years of production. The spending will benefit 50,000 coffee farmers. The credits they receive aim to raise output by 25 percent. "If international coffee prices are sustained, the plan will provide Costa Rica with \$100 million a year," said the

president, Laura Chinchilla.

Medical tourism is growing by 20 percent a year (Source: La República) Medical tourism is gaining ground in Costa Rica. Some 5,000 more medical tourists were treated last year than there were in 2008. One of the companies that has welcomed the trend is Dental Cosmetics Costa Rica. For the last two years, about 80 percent of its patients are foreigners. Medical tourism is a very good business for Costa Rica. Most vacationers spend on average \$1,600 for a visit in Costa Rica. The average for medical tourists, however is \$6,500 to \$7,000 each.

Obligatory waste treatment in Costa Rica (Source: prensalibre.co.cr) In February 2011 the "Ordinary Solid Waste Management Regulation" will come into force. Regional authorities, businesses and the general population have six months to take any measures necessary to comply with the new regulation which seeks to prevent pollution and reduce pressure on Costa Rica's natural resources. According to the new law, authorities must 'provide containers or refuse collection facilities that enable solid waste to be collected and valued,' as well as collaborate in the implementation of public education programs to promote a culture of separated waste collection and clean public spaces as part of an integrated solid waste management system.

Shortage of land for growing pineapple (Source: Nacion.com) Traditional pineapple growing regions have become saturated by rapid crop expansion. Costa Rica currently has 40,000 net hectares used for growing pineapple, located in the north and Atlantic regions of the country. Abel Chaves, president of the Costa Rican Pineapple Growers and Exporters Association (Canapep), indicated that it is unlikely that the sector will continue to grow at the same rate it has managed until now, suggesting that production may already have reached its peak. The lack of appropriate land for growing pineapple led Banacol (also a banana producer) to take the decision to establish farms in the central Pacific region. The climate there is dryer, making it easier to control the stages of cultivation, though costs are higher. Companies are also looking for cheaper land in Nicaragua and Panama.





Guatemala 3.2 percent growth marks goodbye to recession Guatemala's economy grew at an annual rate of 3.2 percent in the first quarter of this year, after a mild recession during the first two quarters of last year, said the central bank, Banguat. The figure comes from a new tool for analysts: the National Quarterly Accounts, which claim to provide more updating and greater reliability in financial information. The recovery of the economy was far from equal. Commerce registered a 7 percent increase in the first quarter. Financial services were up by 7.5 percent and industry 4.8 percent. But other sectors had a poor quarter, notably construction, which dropped by 22 percent.

\$250 million for hydroelectric plant in Guatemala Hidro Xacbal, Guatemala's second largest hydroelectric plant, was opened by President Álvaro Colom and Freddy Nasser, chief executive of Grupo Terra, the Honduran group that invested \$250 million in the project. The dam was constructed by Solel Boneh, an Israeli company. The capacity is 94 megawatts. The dam was built thanks to a \$250 million financial package that involved the Central American Bank for Economic Integration, The Royal Bank of Trinidad, the Dutch FMO and German DEG development banks, and a local bank, Banco G&T Continental.

Guatemala's cardamom production forecast remains steady for this year The latest updates from the Brazilian Pepper Trade Board shows that the Guatemala cardamom crop is estimated to reach nearly 20,000 tonnes. A few producers already started to harvest the new crop of cardamom, which is expected to be in full swing by September-October. Normally the Guatemalan harvest runs from September to May. The quality is good and estimates are similar to last year.

Parma aims to scoop the cream of Central America Backed by a history of almost half a century, Guatemala's Parma accounts for 43 percent of the country market in dairy products. Now it aims to broaden its horizons. Parma already exports about 10 percent of its production to El Salvador and Honduras. The company is also in talks with Walmart for the distribution of its products throughout Central America. Parma has seven shops of its own in Guatemala. Five are in the capital, one in Quetzaltenango, and the other in the processing plant.

Plans for proposals to legalize casinos meet political crossfire in Guatemala Proposals to legalise casinos in Guatemala have been given the green-light by the country's financial regulator, but opposition politicians and foreign gaming companies are far from supportive. Now Congressman Mariano Rayo has pushed forward with drafting a bill that aims to license and tax casino gambling and crack down on money laundering in the country. Rayo's proposed casino legalisation, though, received a lukewarm response from Amsterdam-listed casino operator Thunderbird Resorts, who run gaming parlours in Guatemala.

Arab investors buck world trend with signature office tower for Guatemala Guatemala City isn't a popular choice among international property investors scouting for locations to build a signature office tower. Yet, construction has begun on a downsized replica of one of the Middle East's most iconic modern structures, Dubai's sail-shaped Burj Al Arab Hotel. But the most impressive aspect about the building is not its architecture; the simple fact that it is being built that astonishes locals.

Nicaragua



Nicaragua's Economy with good expectations for 2010 (Source: <http://www.einnews.com>) The accumulated Foreign Direct Investment (FDI) inflows in Nicaragua for 2007 and 2008 exceeded US\$1 billion, which is more than the total flows received in the previous four-year period from 2003 to 2006. In 2008 alone, FDI increased 64 percent, reaching a historical record of US\$626.1 million. FDI Inflows in 2009 fell 31 percent to US\$434 million due to international financial crisis, while the rest of the region averaged a 33 percent drop. However, according to a 2010 study conducted by the Latin Business Chronicle, Nicaragua remains the third leading nation in Latin America when measuring FDI as a percent of each country's GDP for the second consecutive year.



Brazil's Eletrobras aims to start work on 250-megawatt hydro plant (Source: Efe) Eletrobras plans to start work by November on a 250-megawatt hydroelectric power plant in southern Nicaragua, the Brazilian state-owned utility company's president said.

"It'll be the first project in Eletrobras's foreign expansion," Jose Antonio Muniz Lopes told a Rio de Janeiro weekly. The winning bidder for the construction and operation of the Tumarín hydroelectric power plant was a consortium led by Eletrobras and privately owned Brazilian firm Queiroz Galvão.

Shoe exports from Nicaragua (Source: El Nuevo Diario) Tovar Schmidt, president of the Brazilian shoe company Schmidt Irmaos Calzado says his company has already hired 700 workers in two months since it opened a factory in Nicaragua. By the end of the year, we hope to have 1,800 workers to match an increase in shoe production. Within two or three months, the raw materials will also be acquired in Nicaragua, Schmidt said. Currently the factory produces some 3,000 to 4,000 pairs of luxury shoes for sale in the United States and Europe.

Nicaragua makes headway on one million tourists (Source: El Nuevo Diario) From the beginning of this year through the end of July, Nicaragua was visited by more than 604,000 tourists, a 9.7 percent increase on the same period of 2009. The Nicaraguan Tourism Institute maintains that, assuming the trend will continue, the country will receive more than one million tourists this year, with earnings of some \$400 million. Tourists to Nicaragua come mainly from the United States and from the rest of Central America.



El Salvador spends over \$2 billion per year on security (Source: elsalvador.com) The statistic includes public and private spending and represents 10.8% of the country's GDP. Jorge Daboub, president of the El Salvador Chamber of Commerce and Industry, indicated that in the case of private companies the annual cost of security is more than \$640 million. In his speech to the conference "Promote your country 2010", organised by the Salvadoran Foundation for Economic and Social Development (FUSADES) he added that, "it is a high cost that affects the competitiveness of Salvadoran businesses and scares off investors". Daboub went on to say that Salvadoran businesses are less competitive because they spend more on private security than others in Central America. In today's global marketplace a 3% or 5% difference in the cost of a product is enough to make it difficult to compete.

El Salvador's government backs plans for renewable energy with new law (Source: La Prensa Gráfica) The government of El Salvador aims to promote clean and renewable sources of energy, such as solar and wind. It is also planning to issue a law on the issue. El Salvador currently depends mainly on thermal generators that use crude oil, though it also has hydroelectric and geothermal plants. Currently the country has a generating capacity of 1,300 megawatts. Consumption on average is 900 megawatts.



800MW in Renewable Energy for 2016 (Source: laprensahn.com) Investors have promised \$2.1 billion in renewable energy projects, which would generate 800MW by 2016. At an event where authorities awarded contracts for generating renewable energy, investors and project developers announced \$2.1 billion in investment over the next 6 years. 52 renewable energy projects are to be



developed between 2010 and 2016, generating over 800MW. ENEE will purchase 250MW at an average price of \$0.1 per kWh, explained Héctor Borjas, vice president of the Honduran Association of Small Energy Generators (Ahpper). Companies are expected to create over 50.000 jobs over the next 6 years, in more than 30 Honduran municipalities.

Banks begin to lend for renewable energy plans totaling 250 megawatts in Honduras (Source: El Heraldo) Banks have begun to lend money in Honduras for the construction of 47 renewable energy projects totaling 250 megawatts, pending approval by the National Congress. Loans so far amount to more than \$20 million and include lenders such as **Holland's FMO** and the Central American Bank for Economic Integration. In addition, other international bodies such as the World Bank and the Inter-American Development Bank have offered to leverage projects.

Honduran national water authority to invest \$16.7 million in sanitation works (Source: Business News Americas) Honduran national water authority Sanaa will invest \$16.7 million to repair and build potable water and sanitation infrastructure throughout the country. Resources, approved by the Central American Bank for Economic Integration, will help Sanaa reconstruct infrastructure damaged by the heavy rains that have affected the country. Sanaa will give priority to rehabilitating damaged structures and then new works will be developed.



IMF: GDP is estimated to have grown by 7.5 percent in the first half of 2010 (source: IMF) In its second and third reviews of the Stand-by Arrangement of November 2009, the International Monetary Fund says that the Dominican government ended the first phase of the economic program in June with "very positive results." The IMF highlights that GDP is estimated to have grown by 7.5% in the first half of 2010 and that annual inflation is below the Central Bank target of 6-7%. The IMF predicts "a gradual process of fiscal consolidation and a tightening of policies to maintain domestic demand growth on a sustainable path" in the second half of the year. www.imf.org/external/np/sec/pr/2010/pr10315.htm

Exports up 11.8% (source: CEI-RD) The Center for Exports & Investments (CEI-RD) says that exports in the first half of the year are up 11.8% compared to last year. Exports from January to June 2010 totaled US\$2,499.89 million compared to US\$2,235.33 million for the same period last year, or US\$264.56 more. CEI-RD reports that traditional exports (tobacco, sugar, coffee, and cacao) were up 31%, for US\$214.99 million, and 8.6% of exports. www.cei-rd.gov.do

DR adopts US digital system (source: Indotel) The government has decided to use the US digital radio and television transmissions system. The system will be phased in gradually over about five years. The new standard for digital TV standard is known as ATSC (Advanced Television Systems Committee). The telecom authorities had also considered the Japanese, European and Chinese standards. ATSC has replaced much of the analog NTSC television system in the United States. It was also chosen for Canada and Mexico. But in Latin America, the Japanese-Brazilian standard has prevailed. Owners of television channels, cable services and radio stations have five years to adapt to the digital system. "Dominican TV's analog blackout will take place in September 2015. General Customs Agency (DGA) would provide the facilities required to import the equipment that these stations will need to adapt to the new system. www.indotel.gob.do

Trade Events



Dutch B2B matchmaking trade mission to Central America

The EVD has assigned DLV Plant, with the local support of INCAE business school (Ranked #1 in Latin America), the Ministries of Agriculture of Central America, the Dutch Embassies in Central America and SNV to organize a B2B Tomato & Dairy Trade Mission. The mission will also focus on social corporate responsibility and fair trade. The events will take place in Panama and Costa Rica, where representatives and branch organizations from whole Central America will be present. A trade mission will be planned for 14-20 of November. For more details send an e-mail to Jan Tuinstra at j.tuinstra@dlvplant.nl



Costa Rica Hosts Buyers Trade Mission (BTM) (Source: Procomer) BTM XII is organized by Costa Rica's export promotion agency, Procomer, and will take place from 6 to 10 September, 2010. The BTM 2010 event will be held in Ramada Plaza Herradura Hotel and feature the participation of at least 250 international companies that will negotiate export deals with approximately 250 Costa Rican businesses. Negotiations will be possible through various means: scheduled meetings, at exhibition stands, in conferences and also in a showroom exhibiting state-of-the-art Costa Rican technology products. This year's BTM will focus on Industrial Technology and include a display dedicated to high added-value products, made in Costa Rica. One of the event's aims is to encourage innovation.



Feria Internacional de Bogotá - Exposición Industrial, October 4-8, 2010, Carrera 37 No. 24-67, Bogotá, Colombia The Bogota International Fair is the specialized highlight of the most representative Industrial Macro sector in the Andean Region, Central America and the Caribbean. The event brings together the most varied and complete exhibit of industrial machinery, equipment, new technologies, technological advances, supplies, intermediate goods, raw materials and services related to the ,metallurgy, energy, packaging, plastics, air conditioning safety and related services industries, represented by national and international exhibitors.



Conference on carbon markets and climate finance to feature Mexico and Central America

(Source: Ecosystem Marketplace) Following the success of last year's event, Green Power Conferences announce that the second international Carbon Markets Mexico & Central America networking conference will take place in Mexico City. In 2009 this event was attended by over 100 participants from 14 countries. The event will create a networking platform for the Mexican and Central American carbon market industry, policy makers and potential investors to examine growth strategies for the market as well as investment options and regional policy movements.

[More information](#)

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 provides information sources for Dutch companies interested in doing trade with Central American companies, and groups them together on this website. On the 1st of November 2009 the Embassy of the Netherlands has launched a trade platform, which can be found at 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.



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. More information can also be obtained from Judith Brussee, e-mail: centraal-amerika@info.agentschapnl.nl telephone: +0031 (088) - 602 80 97.



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, www.handelswijzer.com, www.doingtradeincentralamerica.com or 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 or by phone (00506) 2296 1490 (Carel Richter or Hans Buhrs).

You can also contact our Consulaat-Generaal in Panama (Debby van der Schuit), Phone: (00507) 263 6494 or (00507) 264 7257. Email: 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 or by telephone (00502) 2381 4300 (Susana Azurdia). More information can be found on the website: 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 or by telephone (00505) 2276 8630 (Jan Bauer, Luis Bravo) For more information visit the following website: 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 or by telephone (00 1 809) 262 0320 (Reinier Davina) More information is available on the following website: www.holanda.org.do