

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 to do with the region. This newsflash is shared with a distinctive group of Dutch businesses with special interests in the region or a specific country within. It is put together on basis 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 desire to send a observation, please feel free to forward a message to [sanjose@trade-minbuza.nl](mailto:sanjose@trade-minbuza.nl). A separate newsletter is published for Panama.*

## Central American region



**Spain pledges to break down barriers to trade accord** (Source: Efe) The conclusion of an association agreement with Central America will be a priority for Spain when it takes over the rotating presidency of the European Union between January and June of next year. During a visit to Costa Rica, María Teresa Fernández de la Vega, vice-president of the Spanish government, emphasized Spain's commitment to bringing the talks to a speedy conclusion. At a meeting with the Costa Rican president, Oscar Arias, the Spanish official will study the best way to overcome the remaining obstacles: the coup in Honduras and the absence of an accord on bananas.

Furthermore, the European Union plans to threaten Honduras with further sanctions, although it believes it would make no sense to leave it out of trade talks with Central America. If the Security and Political Committee agrees on the application of sanctions to the de facto Honduran government next week, these will be included in the conclusions of the next Foreign Affairs Council meeting, to be held on 14 and 15 September. However, Spain's initiative to leave Honduras out of the trade talks with Central America found at this stage no support from other European countries.

**Regional trade dealt sharp blow by financial crisis** (Source: AFP) Central American foreign trade registered a sharp decrease caused by the financial crisis during the first six months of the year. Imports fell 29 percent while exports dropped 13.5 percent, against the same period in 2008. The Central American Bank for Economic Integration said that exports added up to \$1.55 billion, while exports totalled \$6.84 billion. Trade with other Central American countries also slowed down. The region is the second largest destination of exports after the United States, which accounts for 30 per cent.



**Nicaragua to join region's customs union** (Source: Efe)

Nicaraguan president Daniel Ortega will visit Guatemala on early September to sign Nicaragua's inclusion to the Central American Customs Union. Guatemala, El Salvador and Honduras are already members of the union. Only Costa Rica, which has already signed the framework agreement, has yet to join. The union was created last January between Guatemala and El Salvador, while Honduras joined later in May. Last year, trade among the Central American countries generated around \$6.4 billion.

**Colombia turns to Central America for trade** (Source: El Universal) Colombia's government is turning to Central America and the Caribbean to replace the markets of Venezuela and Ecuador due to the continued diplomatic and trade tensions with its neighbours, said Luis Guillermo Plata, the Colombian trade minister. "We have to continue making efforts to find new markets. This cannot be a circumstantial issue with Venezuela and Ecuador," he insisted. According to Plata, the closest markets with a demand for products similar to Venezuela and Ecuador "are the Central American markets. We have negotiated free trade agreements with them which will become effective in a short time."

**Chinese business chiefs launch regional offensive** (Source: El Nuevo Diario and El Periódico) Chinese business leaders have launched a commercial offensive in Central America. Thirty Chinese companies will arrive in Guatemala on September 3 to take part in the second China 2009 trade fair. And yesterday, some 100 Nicaraguan and Chinese companies showed their products in Nicaragua's first Chinese trade fair. Last year Nicaragua imported Chinese products valued at \$336.7 million. Trade between China and Guatemala reached \$940 million. Nicaragua and Guatemala currently have no diplomatic relations with Beijing.

**Regional fisheries net haul of \$1.5 billion a year** (Source: Pueblo en línea) Fisheries and fish-farming generate some \$1.5 billion in revenue a year in Central America. As well as big-money catches, such as tuna, shrimp and lobster, the sector includes fish and shellfish farming, fishmeal and a large volume of low-tech inshore fishing. A structural survey of inshore fishing and fish farming is to begin in Central America this month. The survey is expected to take three months to complete.

**Regional insurers report 16.7 percent increase in first-half profits** (Source: Inese.es) The Central American insurance sector ended the first half of the year with an increase in profits after taxes of 16.7 per cent, or \$5.87 million. Costa Rica's figures are not included. However, there was a 2.7 per cent drop in income for premiums, due to the world financial crisis. All markets registered increase, except Guatemala, which suffered a drop of 12.2 per cent.

**Coffee chief forecasts bright future for Central American growers** (Source: La Prensa) The International Coffee Organization announced an encouraging outlook for the 2009-2010 harvest in Central America, Mexico and Colombia. Nestor Osorio, the organization's executive director, predicted that world production for the 2009-2010 harvest would be superior to the 128 million bags of the 2008-2009 season. He also predicted stable consumption and prices of possibly more than \$110-\$120 per quintal. "We have seen prices above \$1.10 per pound, which is a fair price for growers and allows the industry to keep going, although not enough for major additional investments" Osorio said.



**Holcim sells business to Argos for \$147 million** (Source:

International Construction) Following the expropriation of its Venezuelan businesses, Holcim is selling its operations in Central America and the Caribbean, because it says they are no longer viable. The buyer is its long-term joint venture partner, Colombian materials

group Argos, which will pay \$157 million for the assets. The divestments include a grinding plant in Panama. Holcim says that without cement production in Venezuela, it is now no longer economically viable to supply the various grinding plants with clinker.

## Costa Rica



**Macroeconomic Forecasts** – (Source: BMI) Costa Rica's merchandise trade deficit shrank by 66.3% y-o-y to US\$0.8bn in the first five months of the year, driven by a massive 33.6% collapse in imports to US\$4.3bn (significantly outstripping the contraction in exports of 15.5%). While these numbers were more reflective of the caving in of Costa Rican domestic demand, we are likely to see a significant improvement in the country's current account dynamics as a result. Economists are forecasting a current account deficit of just 4.2% of GDP in 2009 (down from 8.9% in 2008), which would mark the narrowest shortfall in eight years.

**Costa Rican inflation was lowest in 38 years in first half of this year** (Source: AFP) Costa Rica registered cumulative inflation of 1.2 percent in the first half of this year, the lowest rate in 38 years, the central bank announced. Last year, the consumer prices index rose by 6.6 percent in the first half. By the end of the year, inflation is expected to reach 4-6 percent, down from the 8 percent forecast and well below the 13.9 percent of 2008.



**Costa Rica and Mexico sign new accord in bid to kick-start bilateral trade** (Source: La República) Two-way trade between Costa Rica and Mexico has fallen by almost 30 percent so far this year. As a result, the two countries signed a strategic association agreement that aims to build on the free trade accord that they implemented in 1994. Presidents Óscar Arias of Costa Rica and Felipe Calderón of Mexico agreed that the new association should include political dialogue and cooperation.

**Japan opens its doors once again to imports of beef from Costa Rica.** (Source: La Nación) After a closure of more than a year, Japanese authorities have reopened their market once again to imports of Costa Rican beef. The closure was ordered when a firm exported 1,400 kilos of frozen tongue to Japan, claiming that the meat was Costa Rican when it was American. Trade was re-established after a visit to Costa Rica by two Japanese inspectors.

**Costa Rica plans for open market in electricity** (Source: La Nación) Private companies will be able to build and own power-generation businesses, and to sell their output to the local or regional transmission grid, or directly to local industrial users, if Costa Rica's Legislative Assembly approves a proposal presented last week by the Oscar Arias government.

A state-owned company (the Instituto Costarricense de Electricidad / Costa Rican Electricity Institute) currently generates most of the electricity used in Costa Rica, while several cooperatives and some small state enterprises produce much of the rest, along with a few private enterprises, which operate on the basis of temporary concessions.

Under the proposal, the government would create a new body (the Autoridad Administradora del Mercado / Market Administration Authority), which will regulate both public and private energy producers. The new rules would give priority to renewable energy projects. However, they would prohibit geothermal operations in national parks, although most of the country's volcanic energy potential is inside these areas. The next few months will tell whether or not the Assembly will approve the plan and - if so - in which final form. **The Embassy sees opportunities for Dutch companies in the following areas:**

- Consulting engineers

- Power-generation companies
- Construction companies
- Equipment suppliers
- Environmental analysts
- Architects
- Electric equipment suppliers
- Lawyers and accountants

The Dutch Embassy in Costa Rica in cooperation with the Dutch Embassy in Colombia, have contracted Metasus Consulting from the Netherlands who is near the completion of a study into the opportunities for Dutch companies for renewable energy and energy saving. A possible trade mission will be planned for May of 2010. For more information contact: Ir. A.T. (Bert) Keesman at e-mail: [keesman@metasus.nl](mailto:keesman@metasus.nl) or via [www.metasus.nl](http://www.metasus.nl)

**Costa Rica drags its feet on open cell phone market** (Source: La Republica) Removal of the state monopoly on Costa Rican mobile phones is moving ahead slowly. There is a three-month delay on the timetable for the process. At the current rate it will be difficult to achieve the goal of having four mobile phone companies operating in the country by May next year. Around four thousand jobs and investments of \$2 billion would have been created if the project had been completed this year.

**\$900 million ports plan going full steam ahead** (Source: La República) The mega project for modernizing the ports on Costa Rica's Caribbean coast is about to go full steam ahead. Even the longshoremen who disagreed with the project will continue working as usual. The second and third stages of the plan have begun in order to prevent any delays with the schedule. These stages contemplate a \$900 million investment. The proposal is to obtain private capital to expand the current facilities and build larger docks.

**ICCO claims that Costa Rica's pineapple producers offer deficient working and environment conditions.** Costa Rica is one of the worlds biggest producers of pineapples in the world. Companies such as Dole and Del Monte own farms across the Caribbean Coast growing pineapples for export. ICCO, a Dutch organisation focussing on human rights claims after research that working methods and labour conditions provided by these companies are inadequate. Residents around large production areas complained that the herbicides used may be finding their way into the local drinking water causing infirmity. The report of ICCO also claims that some pineapple production methods in Costa Rica cause erosion. ICCO reports about cases of thorny labour conditions such as long hours, low salary, lack of healthcare and adequate protection during crop handling ICCO urges fruit distributors and consumers to purchase fair trade pineapple.

**Red tape pushes dredging barge away from Costa Rica** The dredging barge of Boskalis left from Costa Rica to Mexico to attend pending work there after waiting for almost four weeks to obtain the necessary paperwork to start dredging in Moin. As long as there are no further setbacks, the Dutch company Boskalis will begin the dredging work on the docks of Limon and Moin at the end of September. Between the two docks, 550 thousand cubic meters of material is expected to be removed from the seabed. With this work, the two port terminals will reach a depth of 10.5 meters deep, so boats and large ships will have a better space for their manoeuvres, docking and shoving off. The projects have a cost to the Board of Port Administration and Economic Development of the Atlantic Coast (JAPDEVA) around \$5 million and the estimated time debris removal will be two months. Dredging maintenance has not been carried out since 1994 and both ports at Limon and Moin lost depth when the seabed rose up due to the earthquake in April, 1991.

**Costa Rican growers of ornamental plants gain more access to US market** (Source: Inside CR) Following three years dedicated of research and corroboration of field data, Costa Rican producers of ornamental plants are about to have access to the US market in

18-54 inch plants. For decades, the United States has restricted the importation of *Dracaena* plants older than two years, or taller than 18 inches. The restriction has had a serious impact on Costa Rica's ornamental plant sector.

**Costa Rica's state insurer seeks to compete in region** (Source: Efe) Costa Rica's state-owned insurance company, INS, having lost its monopoly, has been granted permission by its nation's authorities to seek business elsewhere in Central America. In Panama, the region's most advanced insurance market "we are at the stage of conducting feasibility studies and holding initial conversations with companies," said Guillermo Constenla, the INS executive president. A company called INS Internacional has already been established with an initial budget of \$100 million for acquisitions or the establishment of new companies in the region.

**President Oscar Arias cuts ribbon on new Oracle offices in Costa Rica.** (Source: Tico Times) President Oscar Arias cut the ribbon at the inauguration of the new offices in San José, Costa Rica of Oracle, the California-based business software company. Oracle has invested over \$100 million in its Costa Rica expansion. Oracle currently provides software for several Costa Rican organizations, including the University of Costa Rica, the National Biodiversity Institute, the Coffee Institute of Costa Rica and the Costa Rican Water Institute.



**Cerveceria Costa Rica expands distribution network in China** (Source: La Nacion) The Costa Rican brewing company Cerveceria Costa Rica expanded the distribution of its Imperial brand to six of China's 32 provinces. The company started business in the Chinese market last January by selling Imperial brand beer in Zhejiang and Jiangsu provinces. Now it has expanded to Beijing, Shanghai, Guangdong and four cities in Fujian. Gisela Sánchez, corporate relations manager for Florida Bebidas (a division of Florida Ice and Farm, to which the brewing company belongs), said 50 containers of the product have already been shipped.



**Spain's Tatum opens consultancy offices for Central America in Costa Rica** (Source: Europa Press) Spanish management consultancy Tatum has opened offices in Costa Rica to provide services throughout Central America, where it aims to earn \$1 million a year. In 10 years in Latin America, Tatum has concentrated on the financial and insurance sectors, where it provides advice on commercial, marketing and personnel issues. Tatum has also ventured into the energy sector, where its clients include the Costa Rican Electricity Institute and Unión Fenosa.



**Business people from 34 countries line up for Costa Rican trade jamboree** (Source: Prensa Latina) Business people from 34 countries will gather in Costa Rica from the September 7 to 11 for a trade gathering, in hopes of doing business and diversifying markets amid the financial crisis. The eleventh edition of Trade Mission will be an opportunity to reactivate exports of Costa Rican products, which have been heavily affected by the crisis. The business leaders will hold over 2,500 meetings with 270 Costa Rican companies.



**Grupo Mundial finds missing link in Central American insurance market** (Source: La República) Panama-based Grupo Mundial officially became the first foreign company to enter the Costa Rican insurance market and the second to compete with the state National Insurance Institute following the abolition of its 84-year monopoly. Grupo Mundial, which is present in all the rest of Latin America, will initially concentrate on auto insurance. "Costa

Rica has been our missing link in the region, and we believe it holds big business opportunities,” said Álvaro Castro, the group’s general manager in Costa Rica.

## Guatemala



**Governments budget plan for 2010 reaches Q 47.8 billion** According to Minister of Finance, Juan Alberto Fuentes Knight, the Budget for 2010 will reach Q47.8 billion. This amount is Q2 billion lower than last years budget but still the government has been obliged to restrain expending, increase foreign debt and trade bonds for up to Q3 billion in order to compensate the fall in tax collection. Tax collection between the months of January to June 2009 reached Q20 million, 7.8% lower than the same period last year. Except for the month of January, tax collection has been negative this year

**Commerce closes in red numbers during first semester** During this year’s first semester there was a drop of 6.9% in exports and 28% in imports, compared to the same period last year, according to data from the Guatemalan Central Bank (Banguat). From January to July Guatemala’s exports reached US\$3.714 million, US\$275 million less than the same period in 2008. Imports reached US\$5,389 million, US\$2,099 million less than last year. Ruben Morales, Minister of Economics declared that they are planning to promote exports with more trade missions to countries with which Guatemala has commercial agreements. Traditional products such as sugar, coffee, cardamom and bananas increased exports in 10.1%, compared to the same period last year. Fanny de Estrada, Executive Director for the Guatemalan Exporters Association, explained that there definitely has been a negative impact on exports but that they are hoping sectors such as textiles and apparel will do better during the second semester. She also stated that this crisis has to be taken seriously by the government with measures such as the approval of the partial workers law, free trade zones law and supporting English speaking education.

**Remittances to Guatemala drop by 9.6 percent to \$1.94 billion in first six months** **Guatemala facing its first recession in two decades** (Source: Reuters) Guatemala will suffer a mild economic recession this year, its first for over 20 years, as migrant remittances and exports drop, according to Fitch Ratings. Fitch predicted that the Guatemalan economy will contract by 0.6 percent this year. The report also warned of spending cuts if the government’s bid to issue \$37 million in treasury bonds for infrastructure projects and social programs was not approved by Congress. Remittances, which make up 11 percent of Guatemala’s gross domestic product, have dropped sharply this year.

**Remittances from Guatemalan emigrants fall by 10.8 percent in July** (Source: El Periódico) Guatemalan emigrants sent home \$365.3 million in July, the highest figure since November but 10.8 percent down on July last year. Mass deportations and the economic crisis in the United States have reduced the level of remittances to Guatemala. During the first seven months of this year, Guatemala received just over \$2.3 billion in remittances, 9.7 percent less than in the same period of last year.

**Guatemala’s quetzal slips by 12 percent amid slowdown in the economy** (Source: ANSA) Guatemala’s quetzal has suffered a 12 percent devaluation over the last 12 months. Dollar earnings were down over the period and an economic slowdown was accompanied by a reduction in capital flows. The central bank said it has had to auction \$149.9 million in order to moderate the decline in the quetzal.



**Public – Private Investment Office to be opened** The government plans to establish a public-private office that can coordinate the existing programs in the investment promotion area, Invest in Guatemala, the commercial attaches program (PACIT) and the National Competitiveness Program (Pronacom). Their budgets will also be coordinated by the same office which will serve under a committee appointed by the National Export Promotion Council. According to David Cristiana, Commerce Vice minister, the name of the office will be Guatemala Trade and Investment (GTI) and he hopes it will be launched during January 2010.

**Venezuela publishes agreement to provide Guatemala with fuel** The Venezuelan government officially published a resolution to formalise the Petrocaribe Energetic Cooperation Agreement between that country and Guatemala. The agreement guarantees the daily supply of up to 20 thousand barrels of fuel that Guatemala may be able to pay in a period of 25 years with an annual interest rate of 1%. This resolution is yet to be approved by the Guatemalan Congress since it involves going into debt.

**Colombian President to visit Guatemala** Alvaro Uribe, Colombian President, will make an official visit to Guatemala on October 13th. The Colombian Ambassador in Guatemala, Eduardo López, stated that this visit is a result of an invitation made by the Guatemalan President in January. During his visit Mr. Uribe will address topics such as the Free Trade Agreement between the two countries which is pending approval on both Congresses, cooperation, security issues and the implementation of social programs.

**Europe lends \$19 million to boost exports by small Guatemalan firms** (Source: ANSA) Small businesses in Guatemala received a loan from the European Union of 13.25 million Euros (\$19 million) for the promotion of exports to Europe. The non-refundable loan is part of the AI Invest IV program that the European Union grants to Mexico, Central America and Cuba through Mexico's Nacional Financiera and the Central American Federation of Chambers and Exporters Associations. The funds will be administered by Guatemala's Exporters Union and given to 280 companies to start exporting products to Europe during the next four years.

**CHAMPERICO port inaugurated** The port of Champerico, located in the city of Retalhuleu, was inaugurated by the President of Guatemala, Alvaro Colóm and the Netherland's Ambassador Teunis Kamper. This project was financed by the Dutch Program ORET and the local government. The Dutch companies in charge of the project's implementation were Van Oord and Royal Haskoning which have ample experience in Latin America and around the world. The total cost of the project was 27,803.446.04 Euros, from which 8,991.346.00 Euros were donated by the Dutch government. This port will benefit around 9 thousand families from the Champerico area facilitating artisan fishery and creating new job opportunities. The Port will also be used for tourism and sport fishing. President Alvaro Colom stated that this was just the first phase of the development plan for Champerico, the next step is to build capacity for semi-industrial boats to dock there.

**Mexicana aims to boost air traffic between Guatemala and Mexico by 40 percent** (Source: Notimex) Mexicana de Aviacion announced an increase in flights between Guatemala and Mexico, in hopes of raising the yearly 150,000 passenger load by 40 per cent. The Guatemala-Mexico route is "totally profitable", said Fernando del Cid, Mexicana's manager in Guatemala, and despite the world economic crisis, flights are an average of 85 percent full. Del Cid pointed out that the economic crisis



and fluctuating fuel prices have had a drastic impact on routes from the United States. As a result, Mexicana has increased its presence in Latin America.

**Guatemalan sugar exporters boosted by high world prices and stronger dollar.** (Source: El Periódico) Record sugar prices and the dollar's strength against the quetzal are bringing big benefits to Guatemalan exporters. Sugar reached 19.37 cents a pound in New York this month, its highest level in three years, and in London it hit a 20-year high. Guatemala is the world's fifth leading sugar exporters, and the nation's overseas sales have grown by 54 percent, largely because of the high prices.

**Guatemalan coffee growers reap benefits from shortfall in Colombia's crop.** (Source: Reuters) Guatemalan coffee growers are enjoying unprecedented interest in their beans ahead of the 2009/10 harvest as buyers look to fill the gap in quality coffee created by a shortage of the crop in Colombia. Growers hope to cash in as production in Guatemala is expected to increase 2.7 percent year-on-year to 3.85 million 60-kg bags in 2009/10 after better climatic conditions have resulted in promising flowering. Guatemala's high quality coffee commands a premium above prices paid for regular beans in the New York commodities market, known as the C contract.



**Chinese to build Jaguar Energy's \$700 million coal-fired plant in Guatemala** (Source: Prensa Libre) Jaguar Energy's coal-fired electricity plant will be Guatemala's leading source of power when it comes on stream in 2012. Jaguar's parent company, US-based AEI, is investing \$700 million in the 300-megawatt plant. AEI has contracted China's Machine New Energy Corporation to plan, build, design and execute the plant. Of the 1,200 workers to be employed in construction, some 350 will be Chinese executives and technicians.

**Nicaragua**



**Europe steps up food aid to Nicaragua with new donation of \$10 million** (Source: La Prensa) The European Union has allocated a further \$10 million to food programs in Nicaragua. The money forms part of a \$210 million donation by EuropeAid for investment by three United Nations agencies in food programs in poor countries throughout the world. Together with existing programs, the new funds being to \$29 million the total of Europe's contribution to food security in Nicaragua.

**Nicaragua gets \$151 millions from IMF to face crisis** Nicaragua, one of the poorest countries in the Americas, said it received \$151 million in Special Drawing Rights from the International Monetary Fund to help it cushion the impact of the global financial crisis. Nicaragua's central bank said in a statement on Friday the money will help boost the country's international reserves and strengthen the financial system. The country, which depends heavily on money sent home by Nicaraguans working abroad and whose top exports include coffee and bananas, will get an additional \$14 million from the IMF in the first half of September, the central bank said.

**Nicaraguan ranchers selling beef on hoof to Venezuela** (Source: Efe) Nicaraguan cattle ranchers are selling beef on the hoof to Venezuela so they can reap the benefits of high prices there. A first shipment of 800 young animals has already been sent under accords signed in June between the Venezuelan authorities and 640 small cattle-ranchers from

Nicaragua. Nicaraguan sources say the Venezuelans are paying \$900 for each animal weighing 400 kilos or more. Nicaraguan slaughterhouses pay \$400.

**Nicaragua backs study on expansion of Amayo wind park** (Source: Efe) The Nicaraguan government has authorized the Amayo energy consortium to conduct feasibility studies on an increase to its wind park in the south of the country. A provisional permit has been issued for the installation of 11 more windmills that will generate 23.1 megawatts. The Amayo wind park currently generates 40 megawatts. The Amayo consortium includes investors from Nicaragua, the United States and Guatemala.

**Canada's Polaris Geothermal reaches accord on expansion of plant in Nicaragua**



(Source: RTT News) Canada's Polaris Geothermal said it reached agreement with the Ministry of Energy and Mines of Nicaragua in an effort to establish new dates for expansion of its 24-megawatt steamfield and power plant to 34 megawatts and subsequently to 72 megawatts at its San Jacinto-Tizate geothermal project near León, Nicaragua. The company said the construction of the first phase of the expansion would start on October 31 and be completed 18 months thereafter. The Phase II expansion would start with drilling scheduled to commence at the end of June next year.

**Norwood to restart Nicaragua operations** A final decision will be taken soon by the company's board of directors on the recommended drilling program. The company hopes to achieve commercial production at the San Bartolo area by the end of the year. Specific details of the drilling program will be reported within the coming weeks when the company has received the necessary approvals from the Nicaraguan authorities. The company plans to finance the drilling program, make necessary rig upgrades and buy specialized equipment for under-balanced drilling, by financing \$5 million minimum by way of secured convertible promissory notes. The term of the notes will be for 2 years and will be secured by way of a general security interest on all of the assets of the company. A coupon of 10% per year will be paid semi-annually, the company said in a statement.

**New law will encourage Nicaragua real estate investment** Nicaragua real estate could see significant growth as the government passed a law to ban development of land within 50 meters of the ocean. This is a huge improvement over the ban of development within 800 meters of the coast that the government was considering — which was scaring away many investors and developers. After five years of uncertainty and speculation the government in Nicaragua has finally approved a new coastal law that bans property from being built within 50 meters of the sea. The decision is a huge relief for real estate investors, many of them foreign, who were concerned that a temporary ban on property within 800 meters of the coast might be approved. However, the real estate industry is so vital to the future economy of the Latin American country with an increasing number of property investors from the US showing interest, that officials decided to opt for a compromise.

**Nicaraguan tourism affected by Honduras' political crisis** Nicaragua's tourism is heavily affected by the ongoing political crisis in neighboring Honduras and the country has witnessed a sharp drop of Central American tourists, authorities said. According to a report published by the National Chamber of Tourism, the number of Central American, U.S. and European tourists to the country dropped at least 8 percent last month. Leonardo Torres, director of the chamber, said that the political crisis in Honduras has strongly affected the ground tourism by even a 40 percent, because the country reinforced the military presence at border points following the Honduras coup, which toppled former President Manuel Zelaya. The transit of people and commodities from Honduras and Venezuela is done by three border points and one point hosts the camps of supporters of Zelaya.

## El Salvador



***No going back on dollarization and trade pacts, says El Salvador's Funes*** (Source: AP) Mauricio Funes, the president of El Salvador, gave an assurance that his leftist government will not reverse dollarization of the economy or withdraw from trade pacts that previous rightist governments had joined. "There's no turning back on the trade agreements ... what we want is to strengthen them and provide compensation from those who have lost out as a result," Funes said. He added that a recent accord with the International Monetary Fund should provide El Salvador with \$800 million "that will reassure foreign investors about our liquidity."

***El Salvador seeks loans totaling \$1.5 billion*** (Source: La Prensa Gráfica) El Salvador is seeking a package of credits to finance government plans through 2014. Preliminary figures indicate that at least \$1.5 billion is being negotiated with international lending agencies. President Mauricio Funes confirmed that negotiations for \$250 million from the World Bank and \$500 million from the Inter-American Development Bank were concluded on August 16<sup>th</sup>. But both institutions insist that the International Monetary Fund will first have to approve the government's macro-economic projections.

***TACA to offer nonstop service from Orlando beginning November 1*** (Source: Orlando



Business Journal) TACA Airlines will become the newest international carrier at Orlando International Airport when it begins scheduled nonstop service to Central America starting Nov. 1. The airline plans to fly three times each week from Orlando to San Salvador, the second most-populated city in Central America.

***IDB financing expands access to housing solutions in El Salvador*** (Source; IDB) A \$7 million loan, approved through the Bank's Opportunities for the Majority facility, will benefit 2,300 low-income families. The Inter-American Development Bank approved a \$7 million loan for El Salvador, through its Opportunities for the Majority facility, aimed at helping the country's low-income population address their housing needs by expanding their access to credit. The Salvadorean housing fund FONAVIPO (Fondo Nacional de Vivienda Popular), a public second-tier financial institution, will use the IDB loan to expand its credit lines to microfinance institutions that, in turn, will provide loans to low-income households for the purchase of a home or a lot, make improvements to a dwelling they already own, or progressively build their own home. The program is expected to directly benefit around 2,300 families, with individual loans averaging \$3,000, in addition to their eligibility for a government subsidy under El Salvador's national housing program. These subsidies are also managed by FONAVIPO.



***LaGeo finds potential new site for third geothermal plant in El***

***Salvador*** (Source: La Prensa Gráfica) Salvadoran geothermal energy company LaGeo has obtained positive results from tests a potential new location. The studies were conducted in the municipality of Chinameca, El Salvador, during the second quarter of this year. LaGeo executives

said that studies had moved on to a second stage, and so far the signs are that Chinameca can become the country's third geothermal power station.

## Honduras



**Post-coup limbo weighs on growth of Honduran economy and costs millions in trade** (Source: Reuters) Blockades on highways moving cargo, daily curfews, disruption at borders and fewer tourists are part of the new economic reality in Honduras after the president was toppled in a coup last month. Economists say the political crisis, Central America's worst in nearly 20 years, could cut economic growth by 2 percentage points in an already contracting Honduran economy in 2009 as it disrupts the flow of cargo, puts tourists off visiting its Mayan ruins and Caribbean islands, and threatens to drag into the next coffee harvest.

**Small business leaders in Honduras say political crisis adds to their woes** (Source: AFP) Leaders of small businesses in Honduras said that the political crisis in the country has increased their problems and made a serious impact on employment. The president of the National Small Business Association, Enrique Núñez said: "Since the coup, there has been a sharp decrease in demand for our products and services". According to Núñez, the businesses have had to drastically reduce the number of employees they hire, causing serious problems to the country's unemployment rate.

**Mexico's Gas del Caribe plans move from Honduras to Costa Rica** (Source: El Heraldo) Mexico's Gas del Caribe plans to move from Omoa Bay, Honduras, to Costa Rica because of problems with environmental licenses that have been challenged in court. The company has been in Honduras for 20 years, and close to 90 per cent of the liquified petroleum gas (LPG) it produces is sold to the retail and industrial sectors. Environmental activists claim that the company poses a pollution threat and puts thousands of local people at risk.

**Norwegian firm to complete seismic study as prelude to Honduras oil hunt** (Source: Petroleum World) Norwegian firm Petroleum Geo-Services (PGS) is due to complete seismic studies of hydrocarbons in the Honduran Caribbean by year-end. The work aims to help determine the quantity and quality of the country's oil and gas reserves. A review of consultancy work on new hydrocarbons legislation has also been completed. The seismic and legislative work is being carried out in the lead up to a possible bidding round for exploration contracts.

## Dominican Republic



**Exploration gold** The Canadian company Goldquest Mining Corporation has received exploration rights for eight mines in the southern and northern parts of the DR. The company will be looking for gold, zinc, silver and copper. <http://www.goldquestcorp.com/>

**Presidente beer brewery invests in the Caribbean (CARIFORUM STATES)** Cerveceria Nacional Dominicana (CND), the Presidente beer brewery, is about to purchase the controlling stakes in Antigua Brewery Ltd, as reported in the Antigua Sun. As reported, the CND has entered into an agreement for the acquisition of 93% of Antigua Brewery and 75% of Antigua PET Plant Ltd. It has entered into a US\$31 million purchase agreement for Royal Unibrew A/S controlling stakes in its beer, malt, soft drink and water operations, not only in Antigua but also in St. Vincent and

Dominica. CND is the leader in the Dominican Republic's beer and malt markets and Royal Unibrew A/S is a Danish publicly-traded company with operations in Denmark, Poland, Lithuania, Latvia and the Caribbean. The transaction is subject to customary conditions and is expected to close no later than February 2010

**Mufflers for the motorcycles** Environment Minister and the director of the Metropolitan Transport Authority (AMET) announced they are giving motorcycle owners and drivers five days to install mufflers on their bikes. The motorcycles are responsible for a great part of the high noise levels of the city. Environment Law 64-00 establishes fines and confiscation of equipment for those contributing to noise contamination. Many times cars and motorcycle owners saw off the ends of their mufflers, to attract attention with their loud, disturbing noises.

## [More information](#)



### **EVD country webpage**

The EVD 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 please visit website: [www.evd.nl/landen](http://www.evd.nl/landen). More information can be obtained from Marjolein Steinebach, country manager Central America, thru email [steinebach@evd.nl](mailto:steinebach@evd.nl) or by phone (0031) 070-778 8731.



Ambassade van het  
Koninkrijk der Nederlanden

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

On the internet site from the Embassy of the Kingdom of the Netherlands in San José (for countries Panama, Costa Rica, Honduras and El Salvador) you can find general information on these countries in our resort but also specific commercial information. Our 'handelswijzers' business trade guides entails broad and up-to-date information on how to do business in each of the four countries, as a tool/guide for Dutch exporters and investors. 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 (Carel Richter, Hans Buhrs or Monique van Hussen).

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

For more information on 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 (Harman Idema, Susana Azurdia). More information on website: [www.mfa.nl/gua](http://www.mfa.nl/gua)

For more information on 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) 276 8630 (Jan Bauer, Luis Bravo) More information on website: [www.embajadaholanda-nic.com](http://www.embajadaholanda-nic.com) .

For more information on Dominican Republic you can 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 on website: [www.holanda.org.do](http://www.holanda.org.do)