

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](mailto:sanjose@trade-minbuza.nl). For Panama a separate newsletter is published.*



## 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).

## Central American region



**Commerce between Central American countries dropped for the first time in 24 years** (Source: Prensa Libre) According to preliminary figures from the Secretariat for the Central American Economic Integration (SIECA), for the first time in 24 years,

commerce between Central American countries dropped with 18.9%. Exportations between the five countries summed a total of US\$ 5,234.7 million in 2009, compared to US\$ 6,461.2 million in 2008. Importations summed US\$ 5,287 millions in 2009, 14.05% less than in 2008. Guatemala exported for a total of US\$ 1,863.9 million and imported for US\$ 1,222.5 million in 2009. In 2008 Guatemala exported US\$ 2,220.9 million and imported US\$ 1,451.2 million. Yolanda Mayora, General Secretary of SIECA, explained that the reduction is due to the economic world crisis. The country most affected was Honduras with 42%, followed by Costa Rica with 19.5%, Guatemala 16%, El Salvador 11.9% and Nicaragua with 9.2%.



**Progresses in the negotiation between the EU and Central American region bring us closer to a conclusion of the association agreement in Madrid in May** (Source: EU)

The European Union represented by the European Commission and the Central American region (Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama as observer) concluded an intense week of negotiations for an Association Agreement between both regions. The discussions, addressing simultaneously the three pillars of the Agreement (political dialogue, cooperation and trade), made significant progresses, thus confirming the objective of a conclusion of the Agreement in during the EU LAC summit in Madrid in May 2010.

On the trade pillar, a constructive session took place and agreement was reached on provisions such as trade and competition and the rules on public procurement. In all other areas such as market access, rules of origin, services and establishment, IPR, geographical indications, significant progress has been achieved. Nevertheless, substantial work is still required in various areas with a view to reach the objective of concluding before the EU-LAC Summit in May. Panama, who recently applied to join the negotiation, was enabled by consensus of the parties to make its voice heard during the talks. The bi-regional negotiations will continue in the weeks to come with intense informal contacts between negotiators and a meeting on trade issues taking place in the week of 22- 26 March, in Brussels. A final round of negotiation is scheduled on 19-23 April for the trade pillar and 26-30 of April for the political and cooperation part with a view to a conclusion of the Association Agreement during the EU/LAC summit in Madrid on 18 May.

**Four Central American nations on tax watch list** (Source: El Periódico) Guatemala, Belize, Costa Rica and Panama were included in a list of 18 countries rated as tax havens by the French authorities, as the French daily Le Figaro revealed. The list comes in to force on January 1<sup>st</sup>, 2011. The French government expects that it will provide the basis for imposing fiscal penalties on French companies that operate in these countries from March 1<sup>st</sup>. The possible sanctions include an increase of up to 50 per cent in retentions on income, and the elimination of exemptions.

**Insurance grows by 3 percent in region with \$928 million in premiums.** The Central American insurance market grew 3 per cent during the first half of 2009 compared to the same period of 2008, reaching \$928 million in premiums. Nicaragua and Costa Rica are on the top of the list, with 6.7 percent for Nicaragua and 4.2 percent for Costa Rica. In terms of participation of insurance in the overall economy, Costa Rica reached 2.2 percent, followed by El Salvador and Honduras with 2 percent, Nicaragua with 1.7 percent and Guatemala with 1.1 percent. With 4.3 per cent Chile registered the highest in Latin America.



**Japan admitted as international observer of Central American grouping** (Source: Efe)

The government of Japan formalized its admission to the Central American Integration System (SICA) as an extra-regional observer. Japan will now be able to take part as an observer in summits and other SICA events. Mexico, Argentina, Chile and Brazil are regional observers of SICA. Japan joins the existing extra-regional observers Spain, Germany, Italy and Taiwan.

**South Korea agrees to Panama-backed summit with Central America** (Source: Korea Times) South Korea and Panama agreed to make a joint effort to hold a summit between Korea and Central American countries this year. Panama is currently the chair of the eight-member Central American Integration System (SICA). South Korea's first summit with SICA member states took place in Guatemala in 1996. The second round was held in Costa Rica in 2005.

**KLM offers daily direct flights to Europe from Costa Rica and Panama** (Source: Inside Costa Rica) KLM Royal Dutch airlines, in partnership with Panama's Copa, is now offering flights from San José, Costa Rica, to European destinations, with a stop in Panama and Schiphol, Amsterdam. The airline will be providing five flights a week. Fares from San José to Rome, for instance, start as low as \$1,055, including taxes and surcharges. Through the Copa alliance and code sharing, travel between Costa Rica and Europe can be done without passing through the United States.



**Millicom reports Tigo had 12.9 million Central American customers at end-2009.** Luxembourg-based Millicom reported that the customer base for its Tigo cellular brand grew by 15 percent year-on-year in the fourth quarter of 2009. Growth was 22 percent in Guatemala, 12 percent in Honduras and 10 percent in El Salvador. Tigo added some 536,000 net new customers in Central America, bringing the total at the end of the year to 12.9 million. Millicom said its profits were hit by a sharp decline in remittances to El Salvador, and by the weakness of the Guatemalan currency.



**Britain's Globeleq acquires controlling stake in Mesoamerica Energy** (Source: PR Newswire) Globeleq Generation, the UK-based emerging markets power company, announced the acquisition of a major interest in Energias Renovables de Mesoamerica (ERM or Mesoamerica Energy), which is the owner, operator and developer of wind projects in Central America. ERM owns and operates a 23-megawatt wind energy plant in Costa Rica and is developing the Cerro de Hula wind energy project in Honduras with a designed capacity of 100 megawatts. In addition, ERM owns the rights of several potential renewable energy projects in the region. Globeleq will acquire a 70 percent controlling interest in ERM from prominent business groups in Central America.

**Telefónica to sell own-brand mobile phones in four Central American countries** (Source: Expansión) Spain's Telefónica and the Chinese ZTE have reached an agreement to develop Movistar-branded cell phones, manufactured by ZTE, that will be sold in 12 Latin American countries, starting the second half of this year. The 12 countries where the phones will be sold include Guatemala, El Salvador, Panama and Nicaragua. ZTE is the world's sixth leading mobile phone manufacturer and number two in data cards.



**Chinchilla wins Costa Rica election by a landslide** (Source: The Canadian Press) Costa Ricans have elected their first woman president as the ruling party candidate won in a landslide, after campaigning to continue free market policies in Central America's most stable nation. With most of the votes from Sunday's election counted, Laura Chinchilla

held a 22-point lead over her closest rival. Her 47 per cent share of the vote was well beyond the 40 per cent needed to avoid a run-off. The 50-year-old protege of the current president, Oscar Arias, promised to pursue the same economic policies that recently brought Costa Rica into a trade pact with the US and opened commerce with China.



**Costa Rica seals free trade agreement with China** (Source: AFP)

China and Costa Rica announced that they have reached the framework for a free trade agreement, which will be sealed within months after the Central American nation snapped longstanding ties with rival Taiwan. The deal paves the way to lift almost all tariffs on Costa Rican meat, fruit, juice and other produce to China, which is

already the third biggest commercial partner with the country after respectively the United States and the Netherlands. Officials said that the two countries hope to sign the accord before Costa Rican President Oscar Arias leaves office on May 8<sup>th</sup>.



**Costa Rica and China hammer out details of \$1 billion refinery upgrade** (Source: MoneyControl.com)

Costa Rica and China's top state oil company CNPC are hammering out the details of a planned refinery upgrade that could cost up to \$1 billion, as the head of Costa Rica's national oil company announced. The project, which would triple the size of the nation's only oil refinery by 2015, is likely to be

approved by the two companies somewhere in 2011, after further engineering studies are completed, according to Jose Desanti, the head of Costa Rican state oil refiner Recope. "We're just a few weeks from bringing (the joint venture) to life," Desanti told Reuters in an interview. "We think it will be 14 to 18 months to give the green light to start the project".



**Singapore and Costa Rica seal free trade accord** (Source: Straits Times)

Singapore and Costa Rica successfully concluded negotiations for a Free Trade Agreement (FTA) after a fourth round of talks. The first round of negotiations began last April after both sides agreed to launch the deal during the official visit to Singapore by Costa Rican President

Oscar Arias Sanchez on December 2<sup>nd</sup>, 2008. Singapore and Costa Rica will sign the FTA once domestic processes are completed. With the agreement, Singaporean and Costa Rican companies will enjoy greater access to each other's markets. Both countries have agreed to tariff elimination on all products.

**Costa Rica mulls free trade accord with Korea, says foreign minister** (Source: Efe)

Costa Rica's foreign minister, Bruno Stagno, said South Korea and Costa Rica have agreed to examine the possibility of a free trade agreement. The agreement would either be bilateral or between Seoul and Central America. "We will study the feasibility of a free trade agreement, and whether it would just be with Costa Rica or with the Central American Integration System," said Stagno. Stagno pointed out that Costa Rica is studying Korea's Eximbank with the objective to create a similar institution.

**Tax-dodging is a way of life for many in Costa Rica** (Source: La Nación)

Tax evasion rates in Costa Rica are high, according to the Comptroller's office. Income-tax fraud reached an average of 70 per cent between 1991 and 2007, the equivalent of 3.6 per cent of Costa Rica's gross domestic product. However, a tightening of the rules in the tax system have made it nearly impossible for companies and people to hide their income. For this reason, instead they inflate expenses and other deductions. Costa Rica's future czar of the economy aims to proceed with caution. Luis Liberman will be vice-president and economic czar of the next Costa Rican government. He believes there should be no changes in fiscal, monetary or exchange-rate policy until the new administration takes over in May. Liberman said that housing is a sector that will receive special attention, with the objective of lowering the costs

of housing. On fiscal reform, he said that it would be wise to wait until the economy starts to grow again. He added that in the meantime measures will be studied to combat tax evasion.

**Foreign retirees could be Costa Rican gold mine** (Source: La República) If 10,000 foreign pensioners were to move to Costa Rica to enjoy what the country has to offer, it would represent an investment of more than \$1 billion. It has been estimated that they would spend around \$100 million each year, with little social or environmental impact. A New York Times columnist reckons that around 30,000 American pensioners would be interested in moving to Costa Rica because of the country's many attractions. Several world rankings have recently said that Costa Rica is the happiest country in the world. Although Costa Rica is enjoying growing international fame, there is currently no national policy that encourages this type of migration.

**Costa Rica sewage scheme to cost \$267 million** (Source: La República) With the signing of a contract with a French-Japanese consortium for the assessment, diagnosis and design of a new sewer network, the first step to give San José, Costa Rica, an effective water treatment system has been taken. The project will be launched with a first investment of \$17 million by NJS-Sogreah. Currently, sewage from San José is dumped in rivers without further treatment. By 2015, there will be 361 kilometers of new sewers. The total cost of the project will be \$267 million. The Japanese Bank for International Cooperation is providing a \$150 million credit for the project.

**Costa Rica free-zone companies have till 2015 to adopt the new rules** (Source: La República) Costa Rica's free trade-zone law may have been changed, but companies that operate under the old rules face no pressure to change yet. Service companies were not affected by the change, but all the others have until 2015 to make the change. The World Trade Organization set 2015 as the deadline for elimination of all Costa Rica's export subsidies.

**Costa Rica construction surges 36 per cent year-on-year in January** (Source: La República) Costa Rica's construction industry grew by 36 per cent in January, compared to the same month of last year. The construction of commercial buildings increased by 53 per cent over the period. In January, 80 per cent of the construction permits awarded were for commercial buildings, housing, and urban development.

**Costa Rica bandwidth sale provides rare chance for cell-phone operators** (Source: Financial Times) Latin America's mobile phone companies will have a rare chance to move into virgin territory next month when Costa Rica breaks a 40-year state monopoly and invites bids for a bandwidth auction. Costa Rica's living standards are relatively high. Together with Panama, it is the only Central American country within the World Bank's category of upper-middle income countries. However, in comparison, Panama has 112 mobile-phone subscriptions per 100 inhabitants, against 42 in Costa Rica, which means it has, the lowest number in the region.

**Costa Rica's telecoms regulator to set price ceilings for all providers** (Source: CommsUpdate) According to a statement on the regulator's website, the legislation is designed to allow service providers flexibility in lowering their prices, if needed in a market which is in the process of liberalization. Currently, the prices of state telecoms incumbent ICE are fixed. The watchdog has not yet decided what the price limits will be, but they will apply for all services, including mobile telephony, fixed line telephony, international long distance, internet, virtual private networks, VSAT services and text messages.

**Alcatel to pay \$10 million to settle corruption case in Costa Rica** (Source: Reuters) Telecom equipment maker Alcatel-Lucent announced that it will pay \$10 million to settle a corruption case in Costa Rica. Alcatel-Lucent was accused of paying kickbacks to former

Costa Rican President Miguel Angel Rodríguez and other government officials in return for a 2001 contract worth \$149 million to supply cellular telephone equipment. Rodríguez, who was in office from 1998 to 2002, will be put on trial this year for corruption, even though he denies the accusations.

**Japan injects Costa Rica with 'rising sun' power on road to carbon goal** (Source: Tico Times) With an approximately \$9 million gift from Japan, Costa Rica started the "Project to Introduce Clean Energy through Solar Electrical". This new Costa Rican solar power plan will see the light of day thanks to a Generation Plan, proposed last year by the Costa Rican Electricity Institute (ICE), which will enable Costa Rica to have its first solar power plant. Officials expect the plant will help to steer Costa Rica closer to its goal of carbon neutrality by the year 2021.



**Guatemalan president Álvaro Colom to seek oil investment in Russia visit** (Source: RIA Novosti) The president of Guatemala, Álvaro Colom, will visit Russia next month, announced Haroldo Rojas, Guatemalan Minister of Foreign Affairs,. Russia's Minister of Foreign Affairs, Sergeui Lavrov, said that Guatemala aims to attract Russian investments to its oil and gas industry. Tourism and telecommunications also offer attractive opportunities. Both foreign ministers signed a cooperation agreement on the fight against drug trafficking and organized crime.

**Guatemala to publish oil-bidding rules** (Source: Bloomberg) President Álvaro Colom announced that Guatemala will publish bidding rules for new oil and natural-gas blocks in March, as it aims to more than triple the output within a year. The winners will be announced 60 days after the rules are published. Guatemala expects oil production to reach as much as 60,000 barrels a day by 2011, in increase of about 16,000 barrels now. Guatemala scrapped a plan last year to build its first refinery, which would have allowed the country to stop importing about 85,000 barrels of fuel a day.

**Colombia's EEB to invest \$350 million to build Guatemalan grid** (Source: Dow Jones) Colombia's state-controlled energy firm Empresa de Energía de Bogota, or EEB, and its partners will invest \$350 million to build an electricity transmission grid in Guatemala, as the company's chief executive announced. In December, EEB, which bid in partnership with Mexican construction firm Edemtec, won the contract to build and operate 850 kilometers of transmission line. EEB beat Colombian transmission grid operator Interconexion Electrica and Guatemalan firm ETCEE.

**Shortage of sugar in Mexico causes problems in Guatemala** (Source: Prensa Libre) Since October 2009, Mexico has a shortage of sugar that has been countered by (illegal) import of sugar from Guatemala. This has caused problems in the country, especially near the border where Guatemalan shops sell not only to locals but also to Mexican who want to buy big quantities. The sugar shortage has caused problems for bakeries and households, who are limited when buying sugar. The DIACO (*Dirección de Atención y Asistencia al Consumidor*), Guatemala's consumers' organization, has received complaints about shops who blackmail their clients to buy other products when they want to buy sugar or shops who sell at very high prices.

**Guatemalan Business Sector unsatisfied with negotiations Europe accord** (Source: Prensa Libre) The guatemalan business sector is not satisfied with the benefits that the European Union is offering within the association agreement. According to the Business

Commission for International Commercial Negotiations (Cencit) the European Union is offering less commercial benefits than the already existing, as shown in the EU's final proposal for the closure of negotiations on May 18<sup>th</sup> 2010. Cencit refers not only to benefits between Guatemala and the European Union but also other benefits within the World Trade Organization that have not improved. Regarding the inclusion of Panama in the negotiations, Cencit is positive about it, but Panama has to fulfil some processes and acquire commitments before it can be an active participant. Between February 22<sup>nd</sup> and 26<sup>th</sup> the European and Central American negotiators gathered in Brussels to continue negotiations, both the European Union as the Guatemalan government are positive and expect progress.

**For the first time in 13 months, growth in fiscal income** (Source: Prensa Libre) During January 2010, SAT (*Superintendencia de Administración Tributaria*) reported a positive fiscal income of GTQ 3,446.7 million which means a growth of 6.4%. Last time SAT had a positive income was in December 2008 when it reached a growth of 5.8%. During all 2009 the tax collection reported a negative trend reaching its lowest point in May with -9.06%. According to the SAT, the collection of the Value Added Tax of importations registered a growth of 14.3%. The tax collection for consumption is still negative. Distribution of drinks and cement grew with 8.3% and 47.3%, respectively. The devolution of tax credit for importations dropped from GTQ 112.4 million to GTQ 83.1 million compared to the previous period. According to Rudy Villeda superintendent from the SAT, this growth is due to the economic recovery in Guatemala, new control measurements and actions to prevent tax evasion. Meanwhile, CACIF (*Comité Coordinador de Asociaciones Agrícolas, Comerciales, Industriales y Financieras*) maintains their position against the fiscal reform proposal from the government and said that they are willing to cooperate in finding other ways to obtain more fiscal income.

**Demand of resignation** (Source: Prensa Libre) The population of Champerico is demanding the resignation of Luis Prado, president of the Board of Directors of the National Harbour because of non-fulfilment of his duties. According to the affected, President Álvaro Colom offered to improve Champerico's harbour infrastructure but until now nothing has happened. Prado informed that some construction works have been started but he is waiting for heavier machine to arrive so the works can be continued. Champerico's population planned to gather mid-February to demand his resignation.

**World Coffee Conference** (Source: Prensa Libre) The third World Coffee Conference was held from February 26 to 28, in Antigua Guatemala with representatives from 77 countries, members of the International Coffee Organization. The conference was inaugurated by President Álvaro Colom, President Álvaro Uribe from Colombia and President Felipe Calderón from Mexico. According to Anacafé (National Coffee Association in Guatemala), 30 speakers from 17 countries spoke about various topics such as environment, renewable energy, coffee and health, quality of the coffee beans, perspectives of world consumption and growth and fluctuation of the production costs.

**Spanish investors maintain interested in Guatemala** (Source: Prensa Libre) During the last decade, Guatemala registered a total income of US\$967 million from Spanish investors. The Spanish Ministry of Industry, Commerce and Tourism informed that 1999 was the top year with US\$541 million invested, followed by US\$ 264 million in 2002 and US\$ 53 million in 2001. Up until September 2009, the Spanish investments in Guatemala added up to US\$ 6 million. According to Silvia Tamayac, manager of the Official Spanish Chamber of Commerce of Guatemala (Camacoec) the reason for the decreasing investments is not only due to the economical crisis but also to insecurity. Nevertheless, Spanish investors are still interested in Guatemala; in February 29 investors are expected. At the present, Guatemala counts with 35 Spanish companies and 150 companies with Spanish representatives or partners.

## Nicaragua



**Footwear Company Confirms Investment** Schmidt Irmãos Footwear, a shoe company of Brazilian origin confirmed its intention to invest US\$12 million in Nicaragua. The company will begin operations within months. Between July and September of this year, the company is expecting to hire around 1,000 people, and next year that number would expand to 1,600 or 1,700 people. Schmidt Irmãos footwear exports 70 percent of its production to the European market and 30 percent is sold in the

U.S.

**Froq Launches Operations in Nicaragua** The Dutch graphic design company FROQ recently began operations in Nicaragua. It currently employs over 60 employees in its 3 locations worldwide. This company, located in the building Discover in Managua, provides services for finalization of design, art and lithographs for packaging, magazines, brochures, promotions, among others. FROQ will help diversify the supply of outsourcing services in Nicaragua, while providing a new alternative of employment to graphic design graduates.



**Stream Global Services Launches Operations** Following the merger in October 2009 with the company E-Telecare, Stream Global Services Inc., a leader in the outsourcing of complex business processes, announced the official launch of its operations in Nicaragua. The company's facility, located in Managua, required an investment of approximately US\$2.7 million and currently generates about 600 direct jobs. The event was presided by

General Alvaro Baltodano, Presidential Delegate for Investments; Jeff Bishop, Vice President of Operation of Stream Global Services Inc.; other company executives, officials of the National Free Zone Commission (CNZF for its acronym in Spanish), the Free Zones Corporation (CZF, for its acronym in Spanish) and PRONicaragua, a eleven of which participated in a tour of the company's offices. This investment will not only strengthen the emerging industry of digital services, but also represents an important step in the diversification of the exportable offer of Nicaragua, from the traditional light manufacturing to the export of knowledge. The company is currently exploring the possibility of investing in the creation of 1,000 new jobs in several countries in the region, including Nicaragua, a decision that will be taken in the next three months.

**Grupo Denim Inaugurates Manufacturing Plant** The export company Grupo Denim announced the opening of its new manufacturing facility located in Industrial Park ZIPSA in Km. 14 of the North Highway. The facility, which measures 13,500m<sup>2</sup>, required an investment of approximately US\$21 million and is currently generating around 900 direct jobs. The President on Nicaragua, Daniel Ortega, Senior officials from the Government of Nicaragua and the Government of Mexico, as well as top company executives and representatives of the private sector, were present during the event and also toured the company's new facilities. Grupo Denim offers laundry and finishing services, ironing and clothes packaging, with a specialized area for wet and dry processes and another for finishing. The company currently has a production capacity of 400,000 units per week.



**Quick Chek Expands Coffee Offering With New Single-Origin Blend** Quick Chek Food Stores Inc., the family-operated chain of more than 120 fresh-food convenience store locations throughout New Jersey and southern New York, has announced that Nicaraguan Matagalpa, a mildly roasted, medium-bodied coffee, will make its debut in all store locations beginning February 22. Certified organic by Quality Assurance International, this Fair Trade-Certified Nicaraguan blend from the Matagalpa region features an earthy aroma with a hint of chocolate and spicy overtones.

**Yota Ready to Operate in Nicaragua** Internet via WIMAX will be available in June, reported company executives. Yota's other service in Nicaragua, basic wireless telephony, will be available before the end of 2010. The company has already installed 26 out of 35 stations it plans to develop in the city of Managua, explained Olga Fedoseeva, Vice Manager at Yota. In terms of area coverage, they now reach 80% of the city's area, explained Fedoseeva.

**\$28 Million for Nicaraguan Ports** About 28 million would be invested this year in the construction and maintenance of three marine terminals in the country, announced yesterday the chief executive officer of the Nicaraguan Port Enterprise (EPN), Virgilio Silva. Of this amount planned for this year, \$ 22 million would be earmarked for the construction of a harbor in Puerto Cabezas, Autonomous Region of the North Atlantic; which represent 50 percent of total investment in building the new terminal sea, which has a cost of \$ 42 million. "It's going to be a specific port infrastructure, a thousand meters long, 10 meters wide and 10 meters deep," said Silva. In its first stage, the new port will have capacity to receive vessels of 10 to 15 thousand tons. Nicaragua dispatches its exports to the U.S. east coast ports and Europe by Cortes in Honduras, and Puerto Limon in Costa Rica, both located in the Caribbean Sea. **Note: Dutch business community has opportunity for doing specific businesses.**



**Remittances to El Salvador fell last year by 8 percent to \$3.46 billion** (Source: Efe) Remittances from Salvadoran emigrants, the vast majority of them living in the United States, fell 8.5 percent last year compared to 2008. The \$3.46 billion that expats sent home last year is the equivalent of the 16.1 percent of the country's gross domestic product. However, the decline in remittances eased last month, when the total was just 0.3 percent smaller than in December 2008. Central bank economists attributed this development to improved economic conditions in the United States and to emigrants' efforts to send home extra money after El Salvador was severely affected by floodings and mudslides in November.

**El Salvador free zones have their days numbered** (Source: Elsalvador.com) El Salvador faces a World Trade Organization hearing over its persistence in granting subsidies for 6 percent of the value of exports, despite a commitment to abolish them that was given four years ago. The country's representatives will also be asked to explain why free-zone companies are exempted from income tax. The trade organization wants El Salvador to come with a plan to get rid of both measures by the end of 2015 at the very latest. El Salvador's free trade zones employ about 80,000 people, which means nine out of every 100 Salvadorans with formal employment.

**New free-zone textile companies will invest \$30 million in El Salvador** (Source: Elsalvador.com) Two textile companies and a logistics firm are due to start businesses in El Salvador in the second half of this year. All three companies are to be established in the

American Park free zone, which already houses 20 companies. The new textile companies plan to invest \$30 million.

**US provides El Salvador with IRS system to detect tax evasion** (Source: Efe) The U.S government has provided El Salvador with a system to detect fiscal evasion similar to the one used by the IRS. The system, which cost \$600,000, is the first of its type in Latin America. The US is making it available as a donation. The system captures information across a range of databases and sets off an alarm when it detects inconsistent tax filings by individuals or companies.

**Unctad urges speedy concession of El Salvador's La Unión port** (Source: El salvador.com) The government of El Salvador needs to bring the port of La Unión on stream if it wants to attract investment, said Unctad. According to Quentin Dupriez, a senior Unctad official, the project will cost \$300 million, and means that El Salvador will have to seek a partnership with a world-class private operator. However, in order to achieve that, El Salvador will need laws on public-private partnerships.



**Talks to resume on \$180 million loan for Puerto Cortés expansion** (Source: Tiempo) The Honduran ports authority will resume its talks with the Central American Economic Integration Bank and the Inter-American Development Bank in order to speed up a \$180 million loan. The loan is needed for the expansion and modernization of Puerto Cortés. A year ago, the banks promised to provide the loan but negotiations were suspended after the coup in June of last year.

**Wells Fargo teams up with Banco Ficohsa for remittances to Honduras** (Source: La Tribuna) The US bank Wells Fargo has joined Banco Ficohsa of Honduras in an alliance in order to make it easier for Honduran emigrants to send money home from the United States. The remittances will be sent by means of Wells Fargo ExpressSend. Hondurans living in the United States will be able to use any of Wells Fargo's 10,000 branches and 12,000 ATMs. In Honduras, Banco Ficohsa has around 100 pay points.



**IMF on Dominican economy** A mission from the International Monetary Fund (IMF) has concluded its review of the Dominican economy and compliance with the Stand-by arrangement signed last November. The mission observed: "Performance under the current SBA has been largely positive. While the economy remains weak, there is evidence of a rebound in activity in the last several months of 2009 and it is estimated that real GDP grew

3.5% for the whole year. There is no evidence of price pressures in the economy. Inflation closed at 5.8% by the end of 2009 (below the lower end of the Central Bank's target), and core inflation (excluding food and fuels) closed at 3%. The exchange rate has remained stable. The international community's efforts to reconstruct Haiti - which is expected to have the active participation of the Dominican Republic - may increase net exports going forward. The economy has enough unused capacity to deal with this potential increase in demand." More information: [www.imf.org/external/np/sec/pr/2010/pr1041.htm](http://www.imf.org/external/np/sec/pr/2010/pr1041.htm)

**DR and Haiti lay out plans to rebuild** Delegations from Haiti and the Dominican Republic met with President Leonel Fernandez and Haitian Prime Minister Jean Max Bellerive in Santo Domingo on 14 February and set out guidelines for short-term reconstruction plans for Haiti. Both countries agreed that the priorities for the new Haitian capital would be the construction of new schools, housing and secure food sources. The agreement will be proposed to delegates of the US, Japan, Canada, France and the European Union in a meeting scheduled for Santo Domingo on 17 and 18 March.

**Electricity Distributors owe generators US\$500 million** The Dominican Electricity Industry Association (ADIE) were worried by the accumulated debts of the electricity distributors (EDEs) that had once again reached the US\$500 million plateau. ADIE reminded reporters that investment in the generation sector has been hampered by the high debts owed by the distributors, which are now under 100% government control. The electricity companies said that a steady cash flow is needed in order to purchase fuels on the international market.

**Construction of La Vega Guaigui hydroelectric dam** President Leonel Fernandez has sent loans for US\$118.8 million and RD\$723 million to the Senate for approval. The funds are for the proposed construction of the Guaigui hydroelectric dam. The project is being promoted as a way of providing water and electricity and for controlling flooding in La Vega province.

**Major tariff reduction for pork and poultry producers** To protect the producers, but also to ensure food production for the population, customs reduced the tariffs on imports by poultry and pork producers by 50% in raw materials and machinery imported for use in the production of poultry and pork, as well as eggs, as a way to reduce the production costs and maintain local market prices of these popular consumption products.

**High cost of pharmaceuticals** According to a local newspaper World Health Organization studies showed that medicines in the DR were the second most expensive worldwide. More than 23,000 pharmaceuticals are registered in the country, and of these only 16% or 3,680 are generic, which should be less costly but just as effective as the patented pharmaceuticals. In his analysis he also mentions that there are around 150 pharmaceutical companies in the country, of which 39 are Dominican, or 26%.

## Trade Events



### **Dutch B2B renewable energy and energy saving matchmaking trade mission to Central America and Colombia**

The Dutch Embassy in Costa Rica in cooperation with the Dutch Embassy in Colombia, have contracted Metasus Consulting from the Netherlands who completed a study about the opportunities for Dutch companies in the sectors of renewable

energy and energy saving. A trade mission will be planned for May of 2010. For more information contact: Ir. A.T. (Bert) Keesman by e-mail: [keesman@metasus.nl](mailto:keesman@metasus.nl) or via [www.metasus.nl](http://www.metasus.nl)



### **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 programme is planned for the last quarter of 2009 or early 2010. 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 July 2010. For more details send an e-mail to Jan Tuinstra at [j.tuinstra@dlvplant.nl](mailto:j.tuinstra@dlvplant.nl)

## **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 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.evd.nl](mailto:centraal-amerika@info.evd.nl), telephone: +0031 (070) 778 86 92.



### **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 (Carel Richter or Hans Buhrs).

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 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)