



Regional Newsflash

February 2009

Central-America: 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 nltrade@racsa.co.cr A separate newsletter is published for Panama.

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Central-America region

C.A. Seeks to standardize phytosanitary standards (Source: Nacion.com)

The agriculture ministers of the region agreed to organize and unify

the phytosanitary regulations of the TLC maintained with the United States and the treaty that is being negotiated with the EU. The ministers discussed the possibility to implement 'purchases of farm supplies and bulk foods to cheapen the costs of importing,' as well as the creation of a basic grains storage network in the region. This represents a business opportunity for Dutch agricultural suppliers, such as fertilizers, seeds, chemicals, and machinery. Currently the Dutch Embassies in Central America together with SNV have commissioned a regional study regarding business opportunities for Dutch food processing technology. The study will be published in June.

WB will contribute \$3 billion to Central America (Source: diariolasamericas.com)

Diariolasamericas.com publishes on its website: "The Bank will contribute '\$3 billion for Central America' as part of the contingency aid to address the effects of the crisis in these countries that are so dependent on trade with the United States."

Central America and the EU will hold a round of negotiations in March

The main theme of the encounter is to "expedite and energize" the agreement of association. Nicolas Bulte, EU chief for economic policy and the press for Central America stated: "In this round, which will be held by request of Central America, both blocks will jointly define which of the 12 subtopics have had the slowest progress up to now." Bulte also acknowledged the sensitivity of the specific product negotiations such as banana and sugar.

Banana war: so far no truce (Source: laprensagrafica.com)

The proposal from the EU is similar to the one presented in 2008 in the OMC, extending to 10 years the time period for the reduction of the tariff from 176 to 95 euros per ton. The Central American countries insist that the European Union should improve its proposal on the issue of the banana just as much as on the issue of sugar. La Prensa Grafica publishes in its website: "The proposal of the European Union to settle the lawsuit maintains the objective of lowering the tariff by 62 euros per ton, which was agreed upon in 2008, but instead of reaching it in a step-by-step manner from here to 2016, it is postponed to obtain it gradually in 2019, thus, expanding the time period of tax exemption."



Costa Rica and Nicaragua: discussion over Parlacen

Costa Rica is still reluctant to participating in an integrated Central American Parliament and Central American Court of Justice. Nicaragua and Costa Rica are quarreling if this would hamper the conditions for negotiating the association agreement with the EU. Manuel Coronel, the Nicaraguan Deputy Foreign Minister, said that "the refusal by Costa Rica, reiterated this week by Foreign Minister Bruno Stagno, to integrate regional institutions such as PARLACEN (the regional parliament) or the Central American Court of Justice has thrown a 'bucket of cold water' on the aspirations of completing the negotiations with Europe." On his behalf, Roberto Echandi, chief negotiator for Costa Rica said, "Those are not the subjects of the negotiation. I do not see how Costa Rica can throw a 'bucket of cold water' on something that the EU itself is not requesting."

Central America: of 71 Banks, 32 are Foreign

Central American banks accumulate \$61.119 billion in assets, and 55% of its capital is of foreign origin. The blog "From Guatemala" publishes an analysis that describes the different degrees of internationalization of the banking systems of the region, from the Salvadorian banking system, where 95% of assets belong to foreign banks to the cases of the National

Bank of Costa Rica and the Industrial de Guatemala, the largest banks of the isthmus, both based on local capital.



Wal-Mart to invest \$29 million in the Region (Source: sigloxxi.com)

The supermarket chain is planning to open 22 stores during 2009 in Central America, generating about 1,000 job openings. The press release published by Siglo 21 on its website states: "In a year when the region's economic environment is showing itself to be extremely challenging, this level of growth and investment demonstrates the company's commitment to the welfare of Central American families, with a greater operating efficiency that will allow it to continue offering the lowest prices to its customers." There is an ongoing trend of US and EU companies investing in Central America. The main reason is that costs are lower and with the integration of the market the scale of the economy becomes more interesting.

Pantaleón Sugar to expand production in Central America (Source: elperiodico.com.gt)

The group asked for a \$100 million credit from the IFC to expand its production of sugar, ethanol and electricity in Guatemala and Nicaragua. El Periodico published on its website: "The funds will be allocated to expand sugar and electricity production from sugar cane pulp in Guatemala, expand its production of ethanol in Escuintla and build a new ethanol plant in Nicaragua. The application, which is still pending approval, was submitted to the IFC on December 22, 2008 and the directorate has been becoming familiar with it since last February 5th."

Dutch horticultural trade mission to Central America, 15 to 21 March, 2009

Manifiq has been commissioned by the Ministry of Agriculture, Nature and Food Quality to organize a trade mission for the horticulture sector to Central America from 15th to the 20th of March. In this journey, the 2 main countries visited in Central America are Costa Rica and Guatemala. Dutch and local companies will visit and participate during the horticultural Agri Trade fair.



Costa Rica

Sole tender of \$800 million for Limón's new port (Source: elfinancierocr.com)

The concession for the construction and operation will be offered by means of a consolidated process, and not fragmented with several bidders as was speculated. The idea of a process with several bidders had been supported by the Chamber of Exporters of Costa Rica. The government is studying the possibility of an administrative hiring of the current installations by means of a tender of \$84 million, and a separate concession for the new harbour to be built in Moin. Executive President of Japdeva Francisco Jiménez said that, "The process of the concession placard is at 90%, after having received the environmental feasibility by Setena." plus, "in the next two weeks they expect to receive the rate structure of Aresep, which would permit having a speedy mechanism to revise the prices."



US\$150m of Costa Rican bonds bought by China (Source: Top Ten)

As a sign of the excellent relations between the two countries, China bought a second batch of bonds of Costa Rica's internal debt for US\$150 million. The investment came on top of US\$300 million in bonds China purchased

on terms favourable to San Jose, the Finance Ministry Guillermo Zuniga reported. The article in Top Ten Costa Rica informed: "The People's Republic of China has purchased the second part of bond debt for US\$150 million, under conditions similar to those of the first tract: a period of twelve years, with semiannual interest payments and a 2.0 per cent rate," the ministry said.

Huawei is already the No. 1 supplier to ICE (Source: elfinancierocr.com)

Chinese business has accumulated a total of \$266 million in contracts with the Instituto Costarricense de Electricidad (ICE). With very aggressive pricing policies, Huawei has positioned itself in Costa Rica as the leader in the provision of networks and cellular telephone systems. This leadership position enhances its ability to obtain bids currently under way, such as for the 200 radio bases that ICE needs to acquire. In an analysis of this competitive market, the article in Elfinancierocr.com states that "Huawei has managed to position itself by taking advantage of a set of projects that were urgent for ICE and which provided an opening in the local telecommunications market. The awarding of bids to this Chinese firm started last November 12th, when the Comptroller's office approved the contract for the Voice IP system. Two months later, on the 11th of last January, Huawei was selected for the 3G network."

Costa Rica negotiates with China for sanitation protocols (Source: Nacion.com)

Negotiations will permit the entry of leather, beef, chicken and Costa Rican pork, starting in April, to China. Nacion.com publishes: " Marco Vinicio Ruiz, the Minister of Foreign Trade, assured that the agreements will be finalized by the end of March and that it will be the Minister of Agriculture, Javier Flowers, who will sign them." With this, these products can be exported without waiting for the TLC to be implemented. It will permit us to enter with greater security that the product will be accepted. This represents opportunities for Dutch food processors to sell expertise and machinery. The Dutch embassies in the region are putting together a sector study for food processing expected to be available this summer.

INS not able to develop alliance with foreign insurance companies (Source: Nacion.com)

The National Institute of Insurance of Costa Rica was not successful in formalizing an alliance with the businesses Alico and Pan-American Life to initiate a line of personal insurance. Mercedes Agüero, in her article in Nacion.com, writes: "As a coalition of these companies, INS attempted to start a line of personal insurance, especially for life and medical expenses, an untapped niche market due to the 84-year state monopoly." "At present, personal policies represent only between 14 to 15% of the portfolio of the Institute, despite that, normally, this type of insurance dominates the offerings of insurance companies." This could represent an opportunity for Dutch insurance companies to enter the newly opened insurance market.

Radio and Television frequency concessions (Source: El Financiero)

Costa Rica's telecoms regulator, SUTEL, called the concessionary companies of radio and television frequencies to be registered at the National Registration of Telecommunications. As Elfinancierocr.com reports, "This registration is of a public nature and should contain all the information relevant to the concessions, contracts and usage given to the radio spectrum. Furthermore, the concessions and authorizations granted for the operation of telecommunications networks and services, the transfers of concessions and contracts, the frequency concessions of radio and television broadcasting, prices, policies and standards of quality, among others, should be recorded."

Costa Rican Congress approves \$500 million credit (Source: Nacion.com)

The credit will be designated for the improvement of the electricity distribution network in the country. According to Nacion.com: "Congress approved a line of credit of \$500 million from the Inter American Development Bank (IDB) for the electricity infrastructure of ICE. This is for improving the networks of electricity distribution in the country that, according to Quirós, have years of not receiving effective maintenance." Opportunity for Dutch cable companies.



Trade deficit diminishes in January (Source: Grupo Aldesa)

Reflecting the greater decline of imports compared to exports, the trade deficit of Costa Rica showed an annual contraction of 53% in January. In the report, "Today in the Market," the Department of Investment Analysis and Strategy at Aldesa indicated:

"According to the figures from the Central Bank of Costa Rica (BCCR), in January, imports showed an annual contraction of

33%, while exports fell 19%. The aforementioned caused a decrease of 53% in the trade deficit, totaling a balance of \$265 million.

Exports fall 19% in Costa Rica in January (Source: mipunto.com)

In January of this year, export sales amounted to \$600 million, a figure lower than the \$735 million of the previous year. Mi Punto publishes in its website: "The decline in exports is related to the financial crisis in the world, the lack of access to credit in the exporting sector and climate factors that ruined crops. Sales to the United States, the main trading partner of Costa Rica, went from \$268 million in January, 2008 to \$220 million last month."

Panduit invests \$20 million in Costa Rica (Source: elfinancierocr.com)

The company, that specializes in cable manufacturing for telecommunications, expects to open its plant expansion in July. The expansion represents 150.000 square foot of construction with an investment of around \$20 million and it is expected that 120 jobs will be created in administration, technology and operations.

Costa Rica initiates TLC negotiations with Singapore (Source: mipunto.com)

On April 20th in Singapore, the first round of negotiations for the free trade agreement is anticipated. Mipunto.com publishes: "For the head of COMEX (Ministry of Commerce), Singapur is 'a market that offers important possibilities for our productive sectors, because it imports most of its materials and offers interesting opportunities in services, innovation and technology'."

\$100 million for Costa Rica's airport canceled (Source: Nacion.com)

J. P. Morgan Bank revoked its \$100 million financing proposal for the pending expansion projects at the Juan Santamaría Airport. The loan had been offered to the new managing agent of Costa Rica's international airport, Houston Airport System Development Corporation, and they were in the thick of the financing process. The company counted on this financing to undertake the termination of the projected expansions. The cause of the cancellation was associated with the delay caused by governmental procedures for the approval of the new airport rates combined with the worsening of the global credit crisis. The airport projects were stalled 13 months ago. Houston Airport System Development Corporation (HASDC) promises to resume the renovations with its own sources of just \$30 million, \$10 million less than what was offered in September of last year."

Certification for dairy farms in Costa Rica (Source: National Health Service Animal)

The largest dairy business in the country and the National Service of Animal Health will certify milk producers with good agro-ecological practices. Costa Rican dairy producers will be able to count on an innovative program that will help them apply regulations for the management of waste, improve the treatment process of sewage, and receive assistance in agro-ecological matters. It is the first National Program of Agro-Ecological Management that establishes the Veterinary Certificate of Operation (CVO) and sets the requirements for the appropriate processing of dairy waste. It is expected that in a time frame of two years, the majority of the associated farms of Two Pines will be certified with the objective of better protecting the environment. It is the first National Program of Agro-Ecological Management that establishes the Veterinary Certificate of Operation (CVO) and sets the requirements for the appropriate processing of dairy waste. It is expected that in a time frame of two years, the majority of the associated farms of Dos Pinos will be certified with the objective of better protecting the environment. The certification process started with the analysis of 400 farms, 370 of which already include an action plan and will be implemented thanks to the coordinated efforts of the National Service of Animal Health (SENASA) of the Agriculture, Stockbreeding, and Milk Producers Cooperative Department of Two Pines R.L. The Veterinary Certificate of Operation replaces the operation permit that the Department of Health previously submitted. By resolution of the Attorney General's Office of the Republic, SENASA is responsible for providing the certificates of operation to the livestock farms.



Guatemala

Recent remittances sharply on the decrease

According to the Central Bank of Guatemala (Banguat), workers' remittances from Guatemalans living abroad (primarily in the US) decreased by 14.5% month-on-month (m/m) during the first month of the year. Total remittances amounted to US\$290 million in January and waned by 7.7% compared with 2008. The reduction in Guatemalan remittance inflows is anticipated as U.S. labour markets continue to contract. In January, 600,000 jobs were lost in the American economy and IHS Global Insight forecasts an unemployment rate close to 9% for 2009, double the unemployment level observed in 2007. As a result, the severe U.S economic downturn is expected to continue affecting growth in workers' remittances in Mexico and throughout Central America. Although Guatemala ranks as the biggest recipient of remittance inflows in Central America, the share of remittances as a proportion of GDP is lower than in neighbouring countries such in El Salvador and Honduras.

Significance: Remittance inflows are estimated to account for between 10% and 11% of Guatemalan GDP for 2009. As economic activity in the US is expected to record a negative growth rate of 2.7% and unemployment rates are projected to remain in the high single digits during 2009, Guatemalan remittance inflows will be negatively affected through the year. The decline in worker remittances is anticipated to further slow down private consumption with negative consequences for GDP growth prospects over the forthcoming months.

68% Increase in exports to Cuba

According to the Ministry of Economy, exports to Cuba had a 68% growth during last year and amounted to US\$26 million. The main export products are detergents, disinfectants, milk derived products and animal foodstuffs. On the other hand, imports from Cuba have decreased, in 2007 imports reached US\$2.8 million compared to the US\$1.8 million imported in 2008. President Alvaro Colom made an official visit to Cuba with a local trade mission of around 15 companies. Although the main purpose of the visit was not the trade mission he

hopes to increase commerce between both countries. Since 2006 three Guatemalan trade missions have visited Cuba, there is local interest in importing Cuban pharmaceutical products and hiring Cuban professionals.

Tax collection did not reach goal set for January 2009

Tax collection is becoming a rough road for the Tributary Administration (SAT), who is seeking new ways to improve collection controls in order to reach the goal set for 2009. According to SAT's manager, Rudy Villeda, collection in January was short by Q132.5 million. All specific taxes, except for fuel tax, reported reductions. Value added tax reported the largest breach between estimations and real collection, falling Q234 million short, partially due to a decrease in imports and consumption. Villeda stated that due to economic crisis they will be forced to strengthen efforts in order to increase collection. Some measures include programs for smuggling control and changes to the value added tax. He also mentioned that the goal set for Q900 million in 2009 will be adjusted.

Call Centers expect to create 9.000 jobs

In spite of the economic crisis, the call center sector expects to create 9 thousand new jobs which will add up to the 11,000 created in 2008. This will require an investment of no less US\$20 million but the sector's optimistic and assures that the recession in the United States will create opportunities as companies will look for lower operation costs. A position in a call center in the United States ranges at around US\$30.00 per hour compared to US\$12 to US\$14 in Guatemala. There are approximately 40 American companies operating their call centers in Guatemala with brands such as Coca Cola and the Texan Electric Company. Growth in the sector has been limited because of a lack of English speaking work force. To mitigate this problem 2000 English knowledge scholarships will be awarded with the added bonus that those who complete the program will automatically get a job.

New Distributor for Heineken in Guatemala

Cervecería Centro Americana will be distributing Dutch beer Heineken in Guatemala. According to Pedro Ramírez, manager for Heineken, the goal is to make the product available everywhere; till now it could only be found on certain supermarkets, bars and restaurants. Heineken beer is imported from Costa Rica and it is not expected that it will be bottled locally. Cervecería Centro Americana is the producer of local beer "Gallo" and also distributors for Mexican beer Corona and Imperial from Costa Rica. In 2007 Guatemalans drank an average of 13 liters of beer per person a year, a low rate compared to Mexico, Panamá and Costa Rica with 70, 60 and 35 liters per year.

Car sales fall 41%

The months of December 2008 and January 2009 were less than encouraging for the local automotive sector with a fall of 41% in sales. According to the Automotive Importers Associations this is due to the world economic crisis, a lack of credit and to the tax for new cars that is being approved by Congress. This tax, part of the tributary modernization package, when approved would have new cars pay 26% of its value, increasing prices €1,000 to €1,500 per car.

Increased sales from Guatemala on non-traditional products

While some other sectors of the Guatemalan economy have been affected by the financial crisis caused by the US in 2008, exports of non-traditional products from Guatemalan grew 13 percent relative to 2007 in 2008. Although the Non Traditional Products exports will face challenges in 2009, the variety and competitiveness of that specific sector gives cause for

optimism. According to estimates, by the end of 2008 the sales of this export sector would amount to US\$7 million 800 thousand for an increase of approximately US\$900 million in respect to 2007. Fanny de Estrada, executive director of the Agexport, said that in 2009 Guatemala will have opportunities to place orders in small niche markets that could make a difference in countries like the United States and Mexico.



Nicaragua

Dinant Corporation began buying yucca from rural producers in the Leon municipality

The first container was sent with 360 quintals of peeled and refrigerated yucca to DINANT Corporation in Honduras, dedicated to making chips.

The established contract with this corporation is a product of the support provided by Cuenta Reto del Milenio (CRM), Nicaragua, to the yucca producers in Leon, in the search and consolidation of better markets.



Dream of Canal through Nicaragua maintained

The commission of the Great Canal continues seeking interested investors to make an inter-oceanic canal a reality. In statements made to ElnuevoDiario.com.ni, one of the members of the commission of the Great Canal through Nicaragua, Adolfo Evertz Veles, insists that: "Not only is there world interest, but need, given that the Panama Canal no longer serves the ships that navigate there, ships pass up to 65,000 tons, they are expanding it and ships will pass up to 80,000 tons, but it so happens that the majority of the ships - the container ships, flour ships, and tankers -, are up to 200,000 or 300,000 tons."

Nicaragua starts generating wind power (Source: elnuevodiario.com.ni)

The wind farm Amayo, located 128 kilometers to the south of the capital, began operations. Elnuevodiario.com.ni publishes in its website: "The first four megawatts, from 40 based on the wind, generated by Amayo are now injected into the main center of national electric generation, reported the state company, National Business of Electric Transmission (Enatrel), through a press release."

Nicaragua inaugurates oil storage facilities (Source: cadenaglobal.com)

The facilities, capable of storing 227.000 barrels, are located in Puerto de Corinto and Peñas Blancas, and will be inaugurated next week. The president of the state owned Petróleos de Nicaragua ("Nicaraguan Petroleum"), Francisco López, was quoted by CadenaGlobal.com: "The Petronic storage tanks are the first stage of the project, that, when finished, will have an storage capability of 600.000 barrels of crude".

43% of Nicaraguan business owners expect to cut personnel (Source: elnuevodiario.com.ni)

43% of the member companies of the Chamber of Trade in Nicaragua expect to cut jobs and 40% will maintain the current level. Elnuevodiario.com.ni reports that the president of the Chamber, Ernesto Porta, declared that "The results of the survey indicate that 83 percent of our members are going to maintain or reduce jobs positions" and "...he added that in January of this year the sector experienced very low activity, coinciding with a decrease in imports..."



El Salvador

El Salvador celebrates three years of CAFTA (Source: laprensagrafica.com)



In 2008, exports to C.A. increased 21.3%, reaching \$6.4 billion. Exports to the United States reached \$2.2 billion. La Prensa Gráfica publishes on its website: "Minister Esmahan emphasized, furthermore, that during the period of CAFTA, businesses that export to the United States have grown from 377 to 412, while the number of products has increased from 720 to 932, which is a demonstration of the entrepreneurial vision and of the dynamism of Salvadorian

businesspeople in exploring the market of the United States.

Salvadoran textile exports would increase by 7% (Source: laprensagrafica.com)

The textile sector foresees a 7% increase in exports for 2009, despite the economic crisis. La Prensa Grafica published on its website: "However, according to businessmen in the sector, this prospect for growth might not be met due to local bank credit restrictions, not necessarily because of the fall in demand in the North American country. Jose Escobar, president of the Salvadoran Chamber of Textiles and Apparel (CAMTEX), says that the crisis has not affected orders for manufacturers in the country; rather, they have maintained themselves."

El Chaparral dam project to initiate in March (Source: laprensagrafica.com)

The BCIE will deliver \$31.5 million in March, as an advance for a loan of \$162 million, for the start of the construction of the dam El Chaparral. La Prensa Grafica publishes in its website: "The project will cost \$219 million, of which BCIE will contribute 74%, that is to say, \$163 million. The remainder \$56 million will come from the CEL. The BCIE loan has a time period of 20 years, with an annual interest rate of 6.5%. The funds were approved in December of 2008, when the contract was signed with the company Astaldi (of Italian capital), that won the bid. The advance is for March and the following payments will be done by them (the BCIE), confirmed Nicolas Salume, president of the CEL."

Guatemala and El Salvador study hydroelectric projects on Paz River (Source:

elsalvador.com) Pre-feasibility and feasibility studies will be conducted for the building of two hydroelectric power stations on the Paz river, which borders both countries. According Elsalvador.com "The first hydroelectric power station inaugurated with the name "El Jobo," will have 72 Mega Watts of capacity installed, calculated for 8 daily hours at peak operation, which will imply the generation of 208 GW/h of energy per year. The second project is known as the "Piedra de Toro," with an installed capacity of 66 MW, calculated for 8 peak operation hours and a generation of energy of 196 GW/h per year."

Airport expansion in El Salvador delayed (Source: elsalvador.com)

CEPA has a master expansion plan that contemplates the future infrastructure development capacity of the current international airfield in various phases at a cost of more than \$700 million. This plan recommends a new passenger terminal, another loading terminal, another landing lane and extension of the existing one to adapt to vessels of greater weight. Due to current financial crises plans are put on hold. Opportunity for Dutch airport technology; NAT, NACO and DAG

Electric rates in El Salvador increase 14% (Source: laprensagrafica.com)

With the elimination of the subsidy, starting May, the electric bill for the private sector will increase 14%. Irene Brave in her article in Laprensagrafica.com writes: "The government negotiated the elimination of the subsidy for the private sector last year, and the National Association of Private Enterprises (ANEP) proposed to do it in a gradual manner to avoid an abrupt impact on the costs of business and, therefore, in the prices of products. Thus, it was determined to eliminate 40% of the subsidy in August of 2008. A second phase of the implementation will be carried out next May 12th, with an adjustment of 30%, and, finally, on October 12th, 2009, the remainder 30% of the subsidy will be removed."

Salvadorian Agro-Exports to the EU increase by 60% (Source: laprensagrafica.com)

According to data from the Department of Agriculture and Stockbreeding, the farm sector increased exports from \$19.4 million in January 2008 to \$31 million in 2009. Mario Salaverría, the Minister of Agriculture, informed Laprensagrafica.com: "...the increase is owed in part to diversification in the agricultural sector and in agro-industry." "Due to the diversification of products, the international market has opened to Salvadorian production so much so that traditional exports, such as ethnic exports, are having an opening in the market," he said."



Livingston to fly through the region (Source: elsalvador.com)

Italian airline Linvingston aims at flying to all main destinations in Central America. El Salvador is the first!. In statements made to Elsalvador.com Carlos Ortiz, commercial director of Avitours and representative of the Italian airline in El Salvador said: "With this step, the airlines see El Salvador and Central America as a growing tourist destination based on forecasts and studies by the World Tourism Organization of the area."

Housing sales drop 70% in El Salvador (Source: elsalvador.com)

The sale of houses has fallen 70% and the most affected range of housing is that of more than \$150 thousand.. Elsalvador.com publishes: " various apartment projects have remained stalled, well, "the problem of all of this is that banks are not providing credit." "The drop in the demand is also recognized by the representatives of the Salvadorian Chamber of Real Estate, the organizing entity of the XIV Congress Fecepac 'Investment real estate agency: the Engine of development in Central



Honduras

Honduran tilapia to enter Europe's market (Source: latribuna.hn)

Honduran authorities hope to earn \$80 million from the export of tilapia fillet to the European market, specifically to Spain. Exports should begin in June. The La Tribuna published on its website that "the first shipment will be send by air to a Spanish shrimp company. Previously tilapia exports were sent only to the American market for many years, despite the fact that Honduras has the best technology in Central America, exceeding Costa Rica and Ecuador."

New Cargill plant in Honduras (Source: laprensahn.com)

With \$5.2 million invested, Cargill inaugurated a new incubation plant in the Dos Caminos sector. La Prensa.hn reports: "Freddy Madrigal, director of Agriculture for Cargill Central

America commented that the plant has the most advanced technology for poultry breeding and production. He said that the plant has the capacity to produce between 800,000 and one million chicks per week. They are currently using 45 workers."

Honduran banana exports increase (Source: laprensahn.com)

At the closing of 2008, the value of exports totaled \$383.8 million, the highest value of the current decade. LaPrensahn.com publishes: "The volume exported also was the highest of the decade, since they put to market 30.3 million cases, 600,000 more than the prior year. Executives of the Standard Fruit Company and the Tela Railroad Company said that their expectations are to maintain the statistical figures reported during 2008."

Honduras to host Expoenergy 2009 (Source: laprensahn.com)

The Dutch Embassy in San Jose participated in the third International Fair on Renewable Energy, Expoenergia 2009, that was held in San Pedro Sula which resulted in twenty five trade request regarding Dutch technology and expertise. The annual fair brought together experts and representatives from more than 30 European companies from the renewable energy sector of Spain, France, Italy, Austria, Finland and Belgium. Currently the Dutch Embassy in San Jose together with the Dutch Embassy in Mexico and Colombia is actualizing a regional sector study regarding renewable energy that will identify potential investment and business opportunities for Dutch companies.



Unilever

Unilever transfers soap production to Honduras (Source: laprensahn.com)

An Honduras plant will be in charge of the production of the Candado de Dominicana soap brand, after the closure of production lines in the Dominican Republic. La Prensa published on their website: "The soap plant, only sixty-five kilometers from the capital, employs 300 people and will increase production by ten percent with the new line, without the need for new investments. In 2008, Unilever of Honduras exported \$60 million to Central America and they will now add at least \$6 million with these new exports to Dominican Republic."

Honduras to export milk to Venezuela (Source: laprensahn.com)

After being certified by Venezuelan authorities, the business Lactosa will carry out their first shipment of some 334 tons of powdered milk. The minister of the Office of the Secretary of Agriculture and Livestock (SAG), Héctor Hernández Amador, told LaPrensahn.com: "This is the result of the negotiations that were conducted with businesspersons from that country last year, when 18 members of various countries that make up Petroalimentos, with various businesspersons who managed to complete rounds of negotiations because Honduras has the opportunity to export to Venezuela in various areas."

Liquidity of Honduras banks increases 82% in 6 months (Source: laprensahn.com)



The banking system of Honduras registered in January a liquidity of \$952 million, \$435 million more than that of July 2008. According to the president of the Central Bank of Honduras, Edwin Araque, this is due to the policies of a gradual reduction in the banking adjustments and the measures to limit the credit for consumption and commerce and to promote the productive sectors. Laprensa.hn reports that "The executive director of the Honduran Association of Banking Institutions, Ahiba, María Lydia Solano, says that the bank manages public resources with a lot of precaution."

Honduran bank assets grew 11% in 2008 (Source: laprensahn.com)

Honduran banks reported \$11.3 billion in assets at the end of 2008, an increase of 11%. The National Banking and Insurance Commission reported the results for 2008, in which Bac-Bamer Bank topped the list with \$1.8 billion in assets, followed by Atlantida Bank with \$1.6 billion and Ficohsa with \$1.55 billion.



Dominican Republic

Two wind power parks

Two wind power parks that will generate an estimated 50 MW of energy each will be built with initial investments of EU180.8 million by the Spanish company Inveravante.

Construction would take 9 to 10 months, according to the technical director of Inveravante. To read more about this company, see <http://www.cincodias.com>



Priority for the cruise ship port

Several leading business organizations are urging the Puerto Plata municipality to give priority to supporting the development of a modern port for the city. The Puerto Plata Tourism & Cultural Cluster says that the city of Puerto Plata has repeatedly asked for the land to be used to build a Tourist and Cargo Port, which they consider the number one priority for the definite development of the region. A cruise ship port will bring thousands of tourists to the town of Puerto Plata. The Cluster raises a red alert that the municipality should not negotiate the purchase of any coastal lands with a third party, especially in the center of the Bay of Puerto Plata, because this would limit the development of the proposed port.

The new business structure

Dominican companies will undergo major structural changes this year under new Law 479-08. Companies with assets over RD\$30 million are now the only ones allowed to retain the board hierarchy prevalent in the current sole business structure. New and more flexible models will be available as of June 2009 for small and medium-sized companies.

Economic growth

The DR's GDP grew 5.3% in 2008 as a result of a 19.5% growth in communications, 13.7% in the financial sector, 5.5% in the commercial sector, 10.3% in the water and energy sector. Agriculture was down 3.4%, free trade zones by 1.1%, construction by 1.2% and mining activities by 30%. Central Bank Governor says the DR ended 2008 with a US\$318 deficit in the balance of payment. He also says that the DR was the country in the region with second lowest level of currency depreciation and that the DR managed to obtain US\$340 million in reserves. He predicts the DR will receive US\$2.35 billion in direct investment in 2009.



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. More information can be obtained from Marjolein Steinebach, country manager Central America, thru email 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 or www.handelswijzer.com For more information you can contact our commercial department at the Dutch Embassy in San José thru email nltrade@racsa.co.cr 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

For more information on Guatemala you can contact the commercial department of the Dutch Embassy in Guatemala City by email; nlezgov@intelnet.net.gt or by telephone (00502) 2381 4300 (Harman Idema, Susana Azurdia). More information on website: www.embajadaholanda-gua.org .

For more information on Nicaragua you can contact the commercial department of the Dutch Embassy in Managua by email mng@minbuza.nl or by telephone (00505) 276 8630 (Jan Bauer, Luis Bravo) More information on website: 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 or by telephone (00 1 809) 262 0320 (Reinier Davina) More information on website: www.holanda.org.do