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Embassies of the Kingdom of the Netherlands

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

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Central American region



Growth in Central America hits 4.1 percent. (Source: Adital) After the impact of the economic crisis of 2008-2009, Central America's economy has once again grown in 2011, at a pace of 4.1 percent, the Un Economic Commission for Latin America reports. For next year, the commission reckons that Latin America as a whole will grow by 3.7 percent because of uncertainty in international financial markets. This year, Panama led Latin America in terms of growth, by 10.5 percent. At the other end of the scale came El Salvador with 1.4 percent.

Mexico Ratifies FTA with Central America. (Source: Iatribuna.hn) The Mexican Senate has unanimously approved a Free Trade Agreement (FTA) with Central America. The treaty provides a common legal framework for the conduct of trade in goods and services between the parties, as well as the establishment of investment in the region. The trade agreement signed on 22 November in El Salvador, states that in 2012 tariff elimination commitments must be adhered to and most of Mexico's trade with these countries will be free of taxes.

Central America prepares to negotiate free trade accord with South Korea in 2012. (Source: La Prensa) Central America will begin talks on a free trade accord with South Korea, according to El Salvador's trade ministry. El Salvador's deputy trade minister, Mario Roger Hernández, said that an outline agreement is expected to be achieved in next year's first quarter. So far El Salvador, Guatemala, Costa Rica and Honduras have confirmed their interest in the project. Confirmations from Panama and Nicaragua are pending.

Opportunities between the Caribbean and Central America. (Source: prensalibre.com) The crisis in developed countries are forcing Central American exporters to diversify, revealing a new found



relationship between the Caribbean and Central America with great commercial potential. The Association of Caribbean States (ACS) is made up of 28 countries with a potential market of 63 million people. Some of these countries have relatively high per capita incomes, such as the Bahamas, where the average GDP is \$22,900, or Trinidad and Tobago, with \$18,600. Francisco Menendez, president of the Guatemalan Exporters Association, said that the Caribbean is a great opportunity that has not been used, as most countries import about 95 percent of what they consume.



Export opportunities to Aruba and Curacao The Dutch Embassy in San Jose wants to help the islands of the Kingdom by promoting cheaper food imports from countries such as Costa Rica and Panama. PROCOMER in conjunction with the Embassy of the Kingdom of the Netherlands and the Chambers of Commerce from Curacao and Aruba held presentations for the market of these countries, as well as

explored the potential of these Caribbean islands for the Costa Rican export sector on the 18th of August 2011. The activity focused on the food sector, a Usd \$400 million import sector. The event was very successful, more than 40 Cost Rican companies participated, many of them want to explore further and are eager to establish commercial contacts.

Latin America and the Index of perception of Corruption 2011 (source: TI) In the 2011 edition of the now traditional Index of Perception of Corruption (CPI), only two of the twenty countries in the Latin American region pass in perceived transparency. Chile and Uruguay are the leaders in transparency in Latin America, while Venezuela and Haiti are perceived as the most corrupt. Most Latin American countries that scored low on the index suffer from "weak institutionalism," where the government or the principal political actor - whether left or right wing - is "very strong," and therefore "there is no balance of power." In comparison with last year, most Latin American countries that were analyzed underwent minimal changes, with the positive exceptions being Cuba and El Salvador, which showed substantial improvements, while Costa Rica declined.

On a scale of 0 (very corrupt) to 10 (very transparent), Chile scores 7.2, Uruguay (7), Puerto Rico (5.6), Costa Rica (4.8), Cuba (4.2), Brazil (3.8, better than China), Colombia (3.4), El Salvador (3.4) and Panama (3.3). Argentina (3.0), Mexico (3.0), Bolivia (2.8), Ecuador (2.7), Guatemala (2.7), Dominican Republic (2.6) and Honduras (2.6), Nicaragua (2.5), Paraguay (2.2), Venezuela (1.9) and Haiti (1.8). <http://cpi.transparency.org/cpi2011/results/>

Transnational clothing factories return to Central America. (Source: Bloomberg) The labor costs offered by China are no longer lower, due to the 22% increase in the minimum wage for workers. There are positive expectations for the free trade assembly and textile sectors in Central America regarding the return of companies who had migrated to China because of the lower labor costs. With the disappearance of this advantage, Central America is once again among the best options for multinationals, having as an advantage its proximity to the U.S., which reduces transportation costs and delivery times. Sportswear producers such as Adidas are turning to Central America to complement China as a source for apparel as the region's proximity to the United States allows for quick turnaround of orders during peak seasons. With China's garment factories producing more for its own growing middle class and wages there rising, companies have begun moving production back to countries within Central America and the Caribbean that also benefit from duty-free access to the US market. Adidas, the world's second-biggest sporting goods maker, plans to increase fivefold to about 45 million items a year by 2015 its production in the region.



Fairtrade movement is divided over corporate push for productivity and profits. (Source: Bloomberg) The mission-driven Fairtrade movement is transforming into a corporate push for productivity and profit. The cause begun in the 1980s by a Dutch priest and his activist-acolyte to help coffee farmers in the southern Mexican state of Oaxaca now includes some of the world's biggest sellers of coffee (Nestlé), lingerie (Limited Brands), chocolate (Kraft Foods Inc.'s Cadbury unit) and bananas (Wal-Mart Stores),

to name a few.



Central America has raised the value of its exports by some 20 percent this year. (Source: AFP) Latin American exports increased by 26 percent this year, the Inter-American Development Bank reported. But the bank said it expected the growth to slow down in 2012 as a result of the difficulties faced by the world economy. Central America's exports grew by 20 percent this year, while Mexico's were up by 19 percent.

Region: beer wars. Carlsberg Centroamérica last week imported nine containers of European beer in Guatemala, including the Carlsberg and Tuborg brands - both produced in Denmark - and French-brewed Kronenbourg. The company plans to import 650 thousand liters of beer for distribution throughout the region in 2012. In Costa Rica, the volume of imported beer is expected to increase by close to 40% this year, compared with 2010. When Cafta came into force in Costa Rica in 2009, duties on imported beer fell from 15% to 11%, and since then have been declining by 1% annually. As a result of low taxes, Costa Rican importers are introducing no fewer than six new brands into the market, including Old Milwaukee, Budweiser, Coors and Miller from the United States, and Becks from Germany, as well as Carlsberg. For over 100 years, one or two groups of beer barons in each Central American country dominated the business, protected by high tariff walls. Opportunities for: Wholesalers, Retailers, Marketers, Beer exporters and Ad agencies.

Honduran airport tax highest in the region. As soon as the law is published in the Official Gazette, the new rate will go up from \$27 to \$60.30 at the Honduran Airports. At the moment, Panama has the highest airport fee in the region, at \$40, followed by Nicaragua, \$38; Guatemala, \$30, Costa Rica \$28, and El Salvador \$20. Representatives from the company Inter Airports, concession holder of four international airports reported that the increase is due to the "very low" rate of passenger traffic in the country.

Region closes borders to Guatemalan pork. (Source: elsalvador.com) Along with Mexico, the Isthmus has closed its borders to Guatemalan pork in light of the revival of classic swine fever. The borders of all countries have been closed and sanitary measures have been reinforced. Some countries like Honduras are spraying vehicles transiting through its territory. The country has closed its doors to live pigs, pork and fresh and frozen sausages. The Mexican government has strengthened its southern border surveillance after asking its citizens traveling to Guatemala 'not to bring any pig products' into Mexico. El Salvador has temporarily banned imports of pigs and all its derivatives from Guatemala, according to the Ministry of Agriculture and Livestock (MAG),



Holland day a great success! (Source: CBI) On 6 December, 2011, CBI expert Mr Piet Schotel, participated in the 'Holland Day', organized by the Embassy of the Netherlands in Costa Rica, in collaboration with PROCOMER, Costa Rica's export promotion agency. The "Holland Day" is organized every year to promote business between The Netherlands and Costa Rica. The Netherlands are a major trade partner for Costa Rica and as well a major investor in the country. Some 100 participants turned up for the event, mostly companies from the agribusiness sector but also from institutions and business support organizations. More than 15 Dutch companies contributed with small stands to promote their companies. Ms. Karina Lopez from Procomer presented a study on the opportunities for Costa Rica agriculture business on the European market via the gateway Holland. This study was made with amongst others the help of CBI. CBI Fresh Fruit &





Vegetable expert presented the main findings from CBI's new European Market Survey for the Fresh Fruit & Vegetables sector, and presented the audience with useful insights in opportunities and challenges for doing business with Europe.

Photo: CBI Expert Mr Piet Schotel at the Holland Day in San Jose, Costa Rica

Economic expectations for 2012. (Source: elfinancierocr.com) Experts agree that 2012 will be a year of slight growth, low inflation and devaluation. The 30 economists consulted by the weekly publication El Financiero, forecast a GDP growth of around 3.3%, mainly driven by construction and trade sectors through domestic consumption. Interest rates will remain at levels similar to 2011, while the exchange rate could vary between 3 and 6%, reaching between 520 and 540 colones to the dollar at the end of 2012. The financial sector will play a key role in the performance of consumption. Banks predict an 13% increase in loans granted in 2012 in line with the pace in 2011, while the Central Bank estimates that the number will be located in the vicinity of 9.3%. The more loans these entities manage to grant, the greater the boost to domestic activity will be. Externally, the outlook is bleak. Europe is very close to recession, while the U.S. and China have mild growth prospects. Most economists believe that Costa Rican exports will have a slight increase, while FDI could be maintained by the telecommunications and insurance sectors. In terms of inflation, there is a consensus that it can be controlled without major problems, being between 6% and 7% at the end of the year. If domestic demand does not grow, then neither should prices, argues economist Luis Mesalles. In the middle of this somewhat pessimistic outlook is the high fiscal deficit. In Mesalles' view, if a solution is not found to the current level of 5.5% as a percentage of GDP, there will be very negative consequences in the medium term, especially if the economy moves into recession. Although in 2012 economic growth and employment is worrying, fiscal deficit will remain the first point of attention for economic policy and depending on how it is resolved; there will be consequences for growth, inflation, the exchange rate and interest rates. If the tax reform that is proposed by the President and opposition parties is approved, the odds could be altered. Economists agree that growth would be even lower, and nearly half also agree that inflation would be higher. For the long term, respondents showed divided opinions: half believe that the package will make the economy grow, while others believe that it will have no impact.



Costa Rica's Supreme Court freezes debate on plan for fiscal reform. (Source: Inside Costa Rica) Costa Rica's Supreme Court announced that it will take into consideration an action of unconstitutionality against the fast tracking being applied to the discussion of the fiscal reform being proposed in the Legislature. The request was filed by Luis Fishman, opposition legislator and former presidential candidate. The justices clarified that this does not prevent the continuation of the discussion of

the bill in the legislature and vote in first debate, but prohibited the second vote that is necessary for the bill to become law.

Tax on registered companies. On April 1 an annual tax will become effective which will be applied to existing legally registered companies, or those that register after that date in the National Registry of Costa Rica. Law 9024, the Company Tax Law, imposes a tax on all corporations, as well as branches of foreign companies or their representatives and individual limited liability companies that are registered or hereafter entered in the National Register. Article 3 of the Act establishes that the companies are required to pay an annual fee depending on whether they are active or inactive:

- a) Commercial companies, branches of a foreign company or its representatives and individual limited liability companies that are active in the eyes of the tax authority will pay an amount equal to fifty percent (50%) of the monthly base salary, according to the Article 2 of Law No. ° 7337, May 5, 1993.
- b) Commercial companies, branches of a foreign company or its representatives and individual limited liability companies that do business and are inactive in the eyes of the tax authority will pay an amount equivalent to twenty five percent (25%) of base salary monthly, according to Article 2 of Law No. 7337 of May 5, 1993.



Costa Rica to tap free trade agreement with China as open door with rest of Asia. (Source: Xinhua) Costa Rica will take advantage of its free trade agreement with China to strengthen its commercial ties with other Asian countries in 2012. The trade ministry will make efforts to enable more Costa Rican businessmen to export their products to China through the agreement, which took effect in August 2011. Trade Minister Anabel Gonzalez stressed that China is important to Costa Rica.



Tastes and choices of the Chinese have diversified, and consumption trends have been enlarged during the last years. New products, like coffee, are being consumed in China.

Portfolio of projects for water and sanitation. AyA has projects for which it is looking for funds, and is considering various forms of investment types, including concessions for public works, public - private partnerships, leasing and securitizations. Costa Rica's investment needs for water supply and sewerage systems amount to \$1820 million, of which \$599 million is for projects to be developed immediately, \$371 for short-term projects, and \$850 million for medium- and long-term ones. As stated in the Costa Rican Institute of Aqueducts and Sewers (AyA) 2011 report, possible methods of financing such projects have been identified as follows:

- Co-financed loan schemes: local and international banks.
- Schemes of public works concession mechanisms operating under BOT (Build, Operate and Transfer).
- Leasing
- Funding in capital markets (securitization)
- Investment Trusts.
- Public / private development projects.

\$42 million investment in construction of airport for south of country. (Source: La República) The Embraer 190 and Airbus A320, each with a passenger capacity of 150, will be the largest commercial aircraft to be able to land in a new international airport to be built in southern Costa Rica near Palmar Sur. The airport will fulfill a campaign promise by the president, Laura Chinchilla. Construction is due to be completed by the end of her administration. Initially, the new airport is expected to require an investment of \$42 million.

Costa Rica considers introduction of electric train service for central provinces. (Source: Inside Costa Rica) The Costa Rica has set its sights on introducing an electric train service for the four provinces of the Central Valley -- Alajuela, Heredia, Cartago and San José. This will be based on a French funded study. Although diesel trains are part of the urban landscape in Costa Rica, they may give way to the electric trains with the arrival of experts from the state railway in Spain to study costs, design and technology. Train use in Costa Rica has grown each year since the urban train, with morning and afternoon rush hour service, began operating between Pavas and San Pedro several years ago.

Costa Rican banks free up 15 percent more lending for house-building in 2012. (Source: La República) Costa Rican banks and mutual funds are increasing the funds to be made available for housing next year. Low interest rates are expected to prevail for at least the first half of 2012. Currently, Costa Rica has 360,000 families that have no home of their own. Mortgage lending has spurred the growth of credit in the country as it recovers from the global crisis.



perches.

Costa Rica is world's leading exporter of pineapples with 2011 increase in sales. (Source: Efe) Costa Rica this year maintained its position as the world's leading exporter of fresh pineapple, with a world market share of almost 80%. The year 2010 saw an 8 percent increase of volume with sales totaling Usd. \$743 million. In addition, pineapple concentrates and juices made in Costa Rica have a value of \$82 million a year. Pineapple is a key product for Costa Rica, toppling coffee and other tropical fruits from their

Costa Rica beverage giant Florida Ice and Farm (partly owned by Heineken) takes over Musmanni bakeries. (Source: Tico Times) Florida Ice and Farm announced its acquisition of the Musmanni Corporation, the ubiquitous Costa Rican bread and confection company with bakeries dotting the country. With the acquisition, Fifico acquires control of 30 branches operating in the country. There are 150 other stores operating under a franchise. Florida Ice and Farm also produces national beers like Imperial and Pilsen and distributes international brands such as Heineken, Pepsi and Gatorade. "As a consumer company, we want to strengthen our portfolio of food products," said Gisela Sánchez, director of corporate relations of Florida Farm and Ice. "And what better way than by joining with a successful company with more than 100 years old such as Musmanni."



La Curacao (former Curacao Trading Company, CETECO) retail chain plans to invest \$30 million to open 33 new stores in Costa Rica. (Source: La República) The La Curacao retail chain is planning to expand in Costa Rica with 33 new stores. The chain aims to have 45 stores and a presence in seven provinces by 2013. Currently it only has stores in the metropolitan area of San José. The expansion plan implies an investment of \$30 million and the creation of 500 jobs.



Guatemala's Colom decrees 5 percent minimum wage increase 'to protect the poor'. (Source: Efe) The Guatemalan president, Álvaro Colom, decreed a new minimum wage that means an average increase of 5 percent from January 1. Colom said that the new minimum was decided on the basis of the state of the nation's economy. This year inflation was 6 percent. Colom added that the aim of the new minimum is to protect the nation's economy, and in particular the poor, against the impact of the economic problems of the United States and Europe.

Guatemalan exports close year with record 25 percent increase in overseas sales. (Source: El Periódico) Following a drop in exports during the crisis years of 2008 and 2009 for the world economy, Guatemala's exporters are celebrating a record 2011. Exports grew by 25 percent this year, the biggest increase in three decades. Income came to \$10 billion, thanks to high international prices for coffee, gold, silver, crude oil and rubber.

Record growth for Guatemalan exports. (Source: elperiodico.com.gt) Foreign sales grew in 2011 at an annual rate of 25%, the highest percentage in the last 30 years. Due to the high international price of coffee, silver and gold, oil and rubber, the amount of foreign currency received was more than \$10,000 million. By sector, manufacturing is expected to close with a 20% increase in exports relative to 2010. Total sales exceeded \$2,800 million, of which 31% are sales of exported chemicals. Beverages, canning, baking, confectionery, dairy and processed food exports are expected to close 2011 with \$845.9 million in sales, a growth of 23 percent compared to 2010. In addition, throughout 2011 it is estimated that 650 export companies closed deals worth more than \$101 million during 5 national fairs, 5 trade missions and 7 international pavilions.

Service sector grows by 20%. (Source: prensalibre.com) The service sector closed 2011 with \$397.3 million, 20% more than in 2010, according to the Guatemalan Association of Exporters. The Contact Center industry accounted for 49% of the growth, equivalent to \$194.4 million. The Commission on Contact Centers & BPO's at Agexport, has estimated growth for next year of nearly 20%. This sector has been one of the most dynamic in the service sector and its huge impact on mass employment generation makes up nearly 50% of the total export value. This confirms that promoting this industry gives a significant enhancement to the contribution given to Guatemalan people in terms of employment and boosts the economy", said the Chairman of the Commission on Contact Centers & BPO's, Germain Lopez. He said that businesses have maintained confidence in the expansion of services in the country, however there are still major challenges to be faced together within the industry.

Guatemala signs its first Double Taxation Treaty. (Source: prensalibre.com) The first weeks of the month of January could see the first Convention of Tax Information Exchange signed with Australia. In order for this convention, and others are under negotiation, to be implemented Congress needs to approve the banking secrecy law, which would allow access to accounts relating to tax matters, a requirement of the Organization for Economic Cooperation and Development (OECD). Manfredo Chocano planning manager of the Superintendency of Tax Administration (SAT), also said they intend to complete negotiations with the Nordic countries by the end of January. The outstanding issue is removing bank secrecy so that the government can access information when necessary. This initiative has stalled in Congress, as representatives are trying to include modifications to the original



proposal and dictate that a judge should decide whether the information should be provided by banks to the SAT. This is not about eliminating bank secrecy, what is sought is an exception to provide the country with a basic tool for implementing controls to the tax system. At the moment, of the OECD requirements, Guatemala has already approved the law that eliminates shares from shareholders in companies and established the use of international accounting and auditing.

7% increase in flower exports (Source: prensalibre.com) With a total of \$84 million in exports, the year 2011 closed with an increase of 7.69% compared to 2010. This year projections by the Guatemalan Association of Exporters (Agexport) is that there will be growth of 7.2%, due to stronger marketing strategies and action taken to gain certificates in good farming practices. Brigitte Obrock, coordinator of the Commission for Ornamental Plants, stated that "the industry has been used to a stable and sustained growth of over 12% annually for the last 30 years, but since 2008 with the financial crisis, it has been a constant struggle to keep growing." Currently the sector of ornamental plants, foliage and flowers creates 60,000 jobs, and consists of a group of 125 producers / exporters, which produce about 80 species and 200 varieties.



Dutch Puma Energy announces continued expansion (Source: sigloxxi.com) The company plans to open 80 new service stations in an attempt to consolidate themselves as the second largest in the Guatemalan market. During the

course of this year, share purchases will be completed with ExxonMobil in Belize, El Salvador, Guatemala, Honduras, Nicaragua and Panama. Juan Angel Diaz, general manager of Puma Energy in Guatemala, said that they will offer a higher quality service and expanded product range, "Our goal is for the consumer to see that a change has taken place and to see a company that is different in the market." Local competition and the growth of brands has meant that the trend in prices at the pump has been downward, explained the marketing director of the Ministry of Energy and Mines, Luis Ayala.

Nicaragua



Nicaragua aims to break \$1 billion record in foreign direct investment in 2012. (Source: El Nuevo Diario) Nicaragua set a record in foreign direct investment with \$900 million in 2011 according to Javier Chamorro, head of the ProNicaragua promotion agency. That was about 50 percent more than in 2010, but the target for 2012 is more than \$1 billion. Mexico, the United States and Venezuela are the leading investors in Nicaragua but now there are new players, such as Spain, Canada and South Korea.

Meat is main export item. (Source: elnuevodiario.com.ni) Beef exports in the year totaled \$432 million, making it the country's main export item. According to the latest report from the Center for Exports, CETREX, foreign sales amounted to \$2,346 million, a growth of 23.3% compared to the \$1,902 million in 2010. After meat comes green coffee at \$426.4 million, then raw gold at \$364 million, followed by sugar at \$157.7 million, and peanuts at \$96.3 million. The primary market for exports remains the United States. Nicaraguan sales to this country total \$659 million from the year just ended, according to the CETREX. Venezuela and Canada, meanwhile, are the second and third most important market for Nicaragua.



Public-private partnership boosts clean energy through geothermal power in Nicaragua. (Source: Triple Pundit) Nicaragua has added 36 megawatts of clean, renewable electricity to its national electricity grid. Reno, Nevada's Ram Power announced that it successfully synchronized electricity generation for its Phase I expansion at the San Jacinto-Tizate geothermal energy field. Another 36 megawatts is scheduled to come on-



line in late 2012 or early 2013, according to project development plans. Taken together, Phase I and Phase II are expected to save Nicaragua as much as \$80 million annually in energy costs.

Biogas technology has great potential to improve access to energy in rural Nicaragua. (Source: Inter-American Development Bank) Biogas plants can generate electricity and heat, and produce high quality solid and liquid organic fertilizer, when used for cooking; biogas can help reduce emissions of greenhouse gases and pollution inside homes, compared with other traditional fuels like charcoal.

Biogas program launched in Nicaragua. The IDB, together with other organizations, has launched a \$ 6.3 million initiative to develop a market for biogas which will provide renewable energy for small farmers in Nicaragua. The Multilateral Investment Fund (MIF), a member of the IDB Group, has partnered with the Nordic Development Fund and two Dutch NGO's, Hivos and SNV, to launch a \$ 6.3 million initiative to develop a biogas market to provide renewable energy to small farmers in Nicaragua and will contribute to reducing emissions of greenhouse gases. Biogas is a renewable energy technology with proven results that allows millions of farmers and rural families throughout the world to turn agricultural waste into methane gas fuel in order to meet their energy needs. This project, the first to be approved under a comprehensive program aimed at small biogas farmers in Latin America and the Caribbean, will bring renewable energy to 6,000 farmers in Nicaragua. "The initiative will adapt and transfer knowledge, practices and successful business models from biogas programs implemented in Asia, where biogas is widely used," said Zachary Levey, head of the MIF project team. "The program will create opportunities for economic and social progress in rural slums in Nicaragua through the development of a market for the renewable energy technology at relatively low cost."

Nike and Adidas expand supplier base with investments in Nicaraguan free zones. (Source: just-style) Adidas sportswear supplier Augusta Manufacturing is investing \$5 million at its factory in Nicaragua to create 500 jobs by the end of this year, and expects to double its workforce in 2012. The US-based manufacturer has been established in Nicaragua's free zone sector since November 2011, and has been selected to produce Adidas basketball shorts. It also makes garments for brands such as Kenneth Cole, Quicksilver, Roxy, DKNY and Calvin Klein in other countries. Nike products are also being produced in Nicaragua by New Holland Apparel, a US company operating under the free zone sector.

Goodbox Group of Taiwan to establish operations in Nicaragua. (Source: World News Report) Goodbox Group, a Taiwanese company specialized in manufacturing printed folding boxes, has confirmed it will be establishing operations in Nicaragua with plans to invest approximately \$5.4 million and generate 4,000 new job opportunities once fully operational. Goodbox, manufactures its quality products for world-renowned international brands such as American Eagle, Diesel, Nine West and Hush Puppies. The company's home office is located in Taiwan, however it also has offices in China, branch offices for service in the US and Dominican Republic and a factory in Vietnam.



Nicaragua: return of King Cotton. Cotton is making a comeback. An important Nicaraguan crop as late as the 1970s, production dropped during decades of conflict. Now, a combination of high international prices and a growing tax free textile assembly industry are stimulating a revival. Cotton prices during the past year have been in the range of \$1.10 per pound, double what they were five years ago. Organic cotton especially could command premium prices. Meanwhile, Nicaragua's apparel sector has in recent years been growing consistently. The sector includes major manufacturers such as Cone Denim and Gildan. A free trade agreement lets Nicaragua export significant volumes of cotton clothing to the United States, duty-free. Home-grown cotton spun into fabric would let clothing manufacturers avoid the cost of importing cloth from foreign - mainly Asian - producers. For its part, Nicaragua has favorable cotton-growing conditions, including warm weather and abundant rainfall, along with low-cost labor. Opportunities for: Biologists, Agronomists and Fabric makers.





El Salvador recovers thousands of jobs lost during the crisis years of 2008-2009. (Source: Prensa Latina) El Salvador's Social Security Institute announced the recovery of about 39,000 jobs lost in the 2008-2009 crises and the creation of 11,000 more in 2011. The number of registered employees in the system in September was 722,502, approximately 11,764 more than those prior to the crisis in July 2008. The Salvadoran economy was hit very hard in 2008 by the financial difficulties of the US, and in 2009 it fell to minus 3.1 percent.

Investors aim to build Central America's largest refinery in El Salvador. (Source: El Diario de Hoy) PetroGolfo, a company led by investors from El Salvador, plans to build Central America's largest oil refinery in the port of Acajutla. City hall officials in Acajutla say the investors are preparing to spend \$600 million in technical and feasibility studies, as well as permits and basic infrastructure. The plans could also include a pipeline to transport natural gas throughout the country from a terminal that would receive it in liquefied form. Refineries are also planned in Costa Rica and in Panama.

Signs of life in Salvador construction sector. Rebuilding the construction industry in El Salvador has been slow, but the sector is showing signs of life, mainly in the social housing segment. For 2012, the sector expects an investment of nearly \$1 billion by the public sector, much of it in the form of low-cost loans to buyers, made by the Social Housing Fund (Fondo Social de Vivienda). The sector overall projects 4.6% growth in housing starts, compared to last year. This will be the first time in four years that the construction industry has had more starts, than in the previous year. This year, credits for subsidized housing increased by 15% over 2010, but are still a third lower than they were in 2008, when El Salvador experienced a general economic slowdown. Opportunities for: banks, contractors, suppliers, skilled and unskilled workers.



Poverty and Unemployment in 2012 (Source: hondurasnews) According to Ramon Espinoza, the head of the National Institute of Statistics (INE), poverty and unemployment will be Honduras's greatest challenges for 2012. This past year, only 60,000 jobs were created in the private sector of the 200,000 needed to meet the growing demand of the population. Poverty grew five percent in urban areas as a result of the economic crisis, said Espinoza, who added that the problem was not population growth, but that people remain poor. The overall Honduran population grew between 2.1 and 2.2 percent in 2011, compared to previous years, a medium growth compared to neighbors in the region.



Honduras claims crown as leading Central American coffee producer and aims for more. (Source: Notimex) Honduras this year became the leading coffee producer in Central America with an output of 5.2 million 46-kilogram bags, said Mario Ordóñez, head of the nation's coffee institute, Ihcafé. Ordóñez said that the recent heavy rains in Central America made little impact on the coffee plantations themselves but communications were severely damaged. The current 2011-2012 coffee harvest, which has

already begun, is expected to produce 5.4 million bags.

New Allied Global call center creates 1,500 new jobs in San Pedro Sula, Honduras. (Source: La Prensa) San Pedro Sula has been chosen by executives of Guatemalan call center company Allied Global as its first site in Honduras. The investment will be some \$5 million. Allied Global has 2,500 call center agents in Central America that provide service to clients in the United States and Mexico. It has operations in Guatemala, El Salvador and the United States.



Lobo says Honduras is now sure to return to Venezuela's Petrocaribe project. (Source: Efe) Porfirio Lobo, the president of Honduras, is confident that his country will be readmitted to Petrocaribe following its expulsion over the 2009 coup against Manuel Zelaya. Lobo's office said he has shown his "satisfaction at the return of Honduras to Petrocaribe". The country and its people "will enjoy once again the preferential payment terms and the funds that are designated for social projects." Petrocaribe allows all Central American and Caribbean countries

to receive Venezuelan oil on favorable terms. With annual expected savings on oil purchases of close to \$200 million, Lobo plans to invest in public-works programs, hire more police officers, and pay the equivalent of \$45 a month to families with school-age children. Cozying up to Chávez may be surprising for a President from the traditionally right-wing National Party. But Honduras needs money. Also, a move to the left could help the party win the next national election, to be held in 2014.

104.2 Million Dollars for Honduras from the World Bank (Source: hondurasnews) The World Bank Board of Directors approved the new 2012-2014 Country Partnership Strategy with Honduras that will benefit thousands of poor Honduran families by improving social protection programs and property rights, among other objectives. The Strategy, which also focuses on public safety and macroeconomic management, assigns a total sum of US\$171 million. The Strategy entails projects aimed at "supporting transparency and access to information, such as the modernization of the Financial Administration Integrated System (SIAFI, in Spanish) and the expansion of judicial services, which no doubt will continue to strengthen the efforts carried out by the administration of President Porfirio Lobo to improve the transparency of public finances and public administration," said William Chong Wong, Honduras' Finance Minister.

Dominican Republic



Heineken takes control of Brewery in Haiti (source: Brewers Guardian) Heineken is taking control of Haiti's leading brewer, increasing its stake to 95% from 22.5% in Brasseries Nationale d'Haiti (aka Brana). With control of the company a new management team will be installed and a new strategy put in place. The acquisition is "purely a Haitian play," said John Nicolson, Heineken regional president Americas, with no plan to develop exports to serve the large expat Haitian community in the United States, or elsewhere. While the Haitian economy has struggled in the aftermath of the devastating earthquake in 2010, John Nicolson, Heineken regional president Americas noted a broad swath of international support for the country and that Heineken will have a role to play in its redevelopment. "We have a role both in terms of making beer, soft drinks, but we're also quite interested in some sustainability projects, putting water into the communities, doing more than just selling beer and making a profit," said Nicolson. "We think it's a good place to demonstrate our sustainability projects and really bring to life our Brewing a Better Future [sustainability report]. This is a place that needs support in some areas, particularly in water." Brana is Haiti's leading beverage company, with its brand portfolio including Prestige, Malta H and Guinness, the last under licence. It also manufactures malt drinks and various PepsiCo soft drinks. Annual production is placed at 600,000 hectoliters.

Wärtsilä receives EUR 150 million dual-fuel power plant order from Dominican Republic (source: Wärtsilä Corporation) Wärtsilä has been awarded the contract to supply a complete Flexicycle™ dual-fuel power plant to the Dominican Republic. The turnkey project has been ordered by Empresa Generadora de Electricidad Haina (EGE Haina), the country's largest power generation company. The value of the order is approximately EUR 150 million. This will be an identical twin power plant to the Quisqueya I plant located at the same site, which was ordered by Barrick Gold in September 2011. The two power plants have a total output of 430 MW. They have separate owners, but both plants will be constructed on the same site as a single unit, that can be operated from one control room. "This Quisqueya I and II power plant complex becomes the biggest power plant in the world, delivered by Wärtsilä. This is solid proof of the attractiveness of the Wärtsilä's Flexicycle™



combined cycle solution. A key factor in the award of this important contract to Wärtsilä was the high efficiency offered by the Flexicycle™ solution. The suitability of a power plant based on multiple generating units for a relatively small power grid, and the dual fuel capability, were also crucial considerations," says Sampo Suvisaari, General Manager, Central America and the Caribbean, Wärtsilä Power Plants.

Wärtsilä already has a very strong presence in the country having more than 1100 MW of installed electricity generating capacity in operation. www.wartsila.com

A new non-alcoholic beer for a growing market (source: Listin Diario) With nearly 20% of the population looking for a non-alcoholic adult beverage, the Dominican National Brewery (CND) has now introduced Brisa, the first non-alcoholic beer brewed in the Dominican Republic. The suggested price on the market is RD\$45 for a 12oz. bottle in supermarkets and convenience stores, according to the executive. It is an ideal drink within a growing segment of consumers who want a non-alcoholic beverage at a more affordable price.

DR mineral wealth far from exhausted (Source: El Caribe) Despite warnings from the UASD about fragile ecosystems and social sustainability, it appears that the country's mineral wealth is far from exhausted. According to an article in today's El Caribe, even after more than 500 years of exploitation, the country's gold, silver, copper and nickel reserves are valued at over US\$57 billion, sufficient for the government to pay three times over the nation's foreign debt. And to this wealth must be added the very real treasure in salt, gypsum, marble, limestone, silica sand, feldspar, kaolin, and industrial clays, according to the General Directorate of Mining. Added to this is petroleum, which oozes from the ground in Azua, Enriquillo and Higüey, as well as natural gas in Montecristi and in the waters off San Pedro de Macoris. Mining director Octavio Lopez told El Caribe that "right now the flagship is Barrick Gold. They have an estimated life of 25 years with 22.4 million ounces of gold, 88 million ounces of silver and 400 million ounces of copper and 2.6 billion ounces of zinc." And then there is Falconbridge and the Consorcio Minero Dominicano, both in the province of Monsignor Nouel. Falconbridge has estimated its reserves at 47.85 million tons of nickel and in the new stage they will take out 14,000 tons a year.

DR attracts megabucks from Venezuela (source: el dia) During the years of the Chavez administration in Venezuela, capitalists and wealthy Venezuelans have been investing heavily in the Dominican Republic. These investments have mainly focused on tourism ventures, vacation properties and commercial malls and chain stores, as well as finances. The Dominican Republic Center for Export & Investment (CEI-RD) reports that Venezuelan investment has surpassed US\$900 million. Salvador Demallistre, executive director of the Association of Foreign Investment companies (Asiex) concurs that the companies are attracted by the economic strength and stability shown by the Dominican Republic. The high profile projects include the Blue Mall projects in Santo Domingo and Punta Cana, a US\$345 million investment. Novo Centro Mall is reported to have cost US\$60 million and the Grupo Cohen of Venezuela is investing US\$200 million in Sambil mall, said to be the largest in Santo Domingo. The Cisneros Group is looking at US\$1.2 billion in the Tropicalia hotel project in Miches, a US\$450 million in its first phase. Another tourism project, La Estancia in La Romana, is worth US\$120 million. Venezuelan investment in Seguros Constitucion totals US\$7 million.

Central Bank frees up money for housing The Central Bank freed up some RD\$3 billion of legal reserve funds, to be used in the promotion of lower-cost housing of up to RD\$5 million and production in general. Fermin Acosta, the president of the Association of Housing Promoters and Constructors (Acoprovi), said that the measure seeks to lower the interest rates on home loans and in other sectors of the production.

Foreign investment at US\$12.2 billion in 7 years (source: Diario Libre) Center of Exports and Investments director Eddy Martinez says that the flow of direct foreign investment over the past seven years has totaled US\$12.21 billion, primarily in areas such as free zones, tourism, telecommunications, information technology and real estate. He said that on average US\$250-300 million per year was attracted in the 1990s and this grew to a per annum average of US\$500-600 million between 2000 and 2004, to the current level of more than US\$2 billion a year in the last seven years. He said that foreign investment, in some cases through public-private alliances, has been the key to the growth in the economy. He commented that it has stimulated a process of unprecedented



economic transformation and diversification, stressing that it was important to strengthen the business climate and position the Dominican Republic brand to continue attracting investments.

Trade Events



Spreekdagen Latijns-Amerika, February 2012

Verken uw kansen in Argentinië, Brazilië, Chili, Colombia, Mexico and Peru. De spreekdagen geven u een unieke gelegenheid om samen met vertegenwoordigers van diplomatieke posten uit verschillende landen te kijken naar uw kansen op de lokale

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

E-mail: evenementen@info.agentschapnl.nl

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

15 - 17 March, 2012

Feria de Proveedores de Turismo - FERPROTUR 2012

Centro Internacional de Ferias y Convenciones - CIFCO, San Salvador, El Salvador: Participan como expositores empresas de alimentos y bebidas, equipos mayores y menores y todo lo relacionado al rubro.



23 – 25 April, 2012 Costa Rica to Host Medical Tourism Congress. (Source: elfinancierocr.com) Organized by the Council for the International Promotion of Costa Rican Medicine, the third Latin American Medical Tourism Congress will be held from the 23rd to 25th April, 2012. The event will be held at the Hotel Real Intercontinental and is expected to be attended by 500 guests. Jorge Cortes, president of the International for the International Promotion of Costa Rican Medicine (Promed in Spanish) told [ElFinancierocr.com](http://elfinancierocr.com), "For the third time Costa Rica will host the biggest event in medical tourism in Latin America. We hope to have more than 500 attendees and that Costa Rica will further consolidate itself as the leading destination in the region in terms of health travel." The conference that took place in 2011, included representatives from the U.S., Canada, Thailand, Colombia, Guatemala, Panama, Mexico, El Salvador and Argentina.



4-5 June, 2012 Dutch Environmental Trade Mission to Costa Rica and Colombia

The Dutch Embassy in Costa Rica in cooperation with the Dutch Embassy in Colombia, have contracted Camara de Industrias de Costa Rica (CICR) and Metasus Consulting from the Netherlands who completed a study about the opportunities for Dutch companies in the sectors of

environment waste management. Coming June 4-5 a Dutch trade mission on waste management is scheduled to Costa Rica and Colombia. As a result of preparatory market surveys in 2011, many business opportunities were identified. Private and public sector organizations can also participate in development cooperation projects or investments. The mission is organized by VNO-FME and MetaSus. NL EVD Internationaal, the Dutch Agency for international business and cooperation supports the mission and the Dutch Embassies are actively cooperating to turn the event into a success. For more information contact: Ir. A.T. (Bert) Keesman by e-mail: keesman@metasus.nl or via www.metasus.nl The Dutch Embassies in San Jose, Costa Rica and Bogota, Colombia will support the mission to make it a success.



Rijksoverheid

11 - 13 Julio, 2012 Manufexport 2012

Manufexport 2012, a realizarse en Santo Domingo del Cerro, Antigua Guatemala, reunirá a los empresarios de los sub sectores de manufacturas: alimentos, plásticos, cosméticos, cuidado personal y limpieza de más de 10 países de la región mesoamericana con 80 compradores internacionales, representantes de importantes cadenas de supermercados, importadores, brokers y centros de distribución, con el objeto de llegar a ser importantes socios comerciales.

24 -28 September, 2012 Buyers Trade Mission Costa Rica 2012

La Misión comercial de compradores (BTM) se llevará a cabo del 24 al 28 de setiembre del 2012 en el Hotel Ramada Plaza Herradura, Costa Rica. El evento contará con la participación de al menos 250 empresas internacionales que negociarán con aproximadamente 250 empresas costarricenses la oferta exportable, por medio de diversas herramientas como las agendas de negocios, stands de exhibición, conferencias y además un showroom (de productos industriales de alta tecnología producidos en Costa Rica). Para esta edición, BTM tendrá un enfoque en Industria Alimentaria, el cual presentará un Pabellón de productos de alto valor agregado, producidos en Costa Rica, así como la ambientación alusiva al enfoque industrial propuesto para este año como parte de la estrategia de innovación que se ha planteado para el evento. Los días 24 y 25 de setiembre, se tendrán conferencias focalizadas en temas de interés empresarial, montaje del área de stands y visitas a puntos de venta, finalizando el día martes con una cena de bienvenida para los participantes internacionales. El día miércoles 7 de setiembre se hará la inauguración oficial del evento, iniciando con las agendas de negociación, que se mantendrán hasta el día 8 de setiembre que culmina con un coctel de clausura.

[More information](#)



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



TRADEPLATFORM:

In 2009 the Departments of Commerce of the Dutch Embassies Guatemala-City, Managua and San José developed a trade platform. This Business to Business (B2B) tool helps Central American and



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

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



EVD country webpage

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



Embassy of the Kingdom of the Netherlands as information source

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

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

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

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

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

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