



Regional Newsflash

January 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

Central America - Europe agreement could be completed by May
(Source: prensa.com.pa)

The Agreement of Association between two block of nations will be the first such agreement signed by the European Union. The Costa Rican Ministry of Foreign Affairs reported that Central America is ready to close the negotiation of the Agreement of Association with the European Union (EU) by next May, when 25 years of the "San Jose Dialogue" will be celebrated, said the Chief Costa Rican Negotiator, Ambassador Roberto Echandi, hence becoming the first zone in the world with which Europe will have completed a successful agreement (block to block). On the eve of the VI Round of Negotiations, in Brussels from January 26 to 30, Central America has managed to make "substantial progress" regarding the technical aspects of the three pillars (political dialogue, cooperation and free trade) which will create the conditions. The European Union also announced \$19 million in

aid to help with the integration of the region ahead of the next round of negotiations for reaching an agreement of association. Prensa.com reports: "With this aid package, the community Executive wants to contribute to the consolidation of the regional institutions in Central America and the participation of the social organizations in the process, the EC indicated in a release."

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

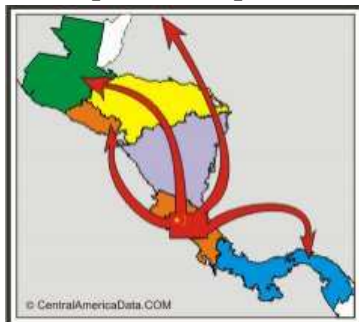
Manifiq has been commissioned by the Ministry of Agriculture, Nature and Food Quality to organize a trade mission for the horticulture sector to Central America from 15th to the 20th of March. In this journey, the 2 main countries visited in Central America are Costa Rica and Guatemala. Dutch and local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



Latin American Challenge, March 19, The Hague, Netherlands

Would you like to do business in Latin America? Take the EVD challenge and explore your options during the Latin American Challenge on Thursday, March 19. Meet with Dutch trade attachés of the Dutch embassies, consulates and NBSO's about existing opportunities for your company. There will be an interactive session, general market information and a chance to meet entrepreneurs who are at home in the region. Central to the countries Brazil, Chile, Colombia, Costa Rica, Panama, Nicaragua, Mexico, Peru, Suriname, Venezuela and Argentina. More information: evenementen@info.evd.nl or Phone: (070) 778 83 99

China plans to export to the region from Costa Rica (Source: Nacion.com)



Costa Rica hopes to use the FTA with China to capture production investment from Chinese companies which will export their products throughout Central America. China plans to use Costa Rica as the bridge to export to the other countries with which the Costa Rica has trade agreements, such as Mexico, the United States, Canada and CARICOM. In his article on Nacion.com, Marvin Barquero says that: "This event, which means attracting a lot of Chinese investment, is one of the great expectations generated by the negotiation of the FTA with China." During the first round of negotiations of the Costa Rica - China FTA round of negotiations both countries agreed to immediately eliminate tariffs for a certain group of products when the FTA comes into effect and established a term of 5 or 10 years for others. Nacion.com reports on its website: "The fourth segment or 'basket' of products will be the most difficult to negotiate. In this case terms greater than 10 years will be established, or quotas or contingencies or other possibilities on a case by case basis.

Employment crisis in Central America (Source: elnuevodiario.com.ni)

The consequences only could be offset by investing in education and technology and increase the added value of export products. "Central American, and Nicaragua in particular, will not escape the wave of unemployment that the global economic crisis will cause around the world. The International Labour Organization estimates that some 20 million jobs will be lost internationally. The Vice president of the International Employers Organization, Dagoberto Lima Godoy, believes that the effects of the problem can only be offset with investment in education, technology and adding value to export products."



Costa Rica

Netherlands is second trading partner of Costa Rica

The year 2008 saw an unusual explosive growth of Dutch export products to Costa Rica mainly due to an exponential increase of Costa Rican imports of parts and accessories for machines. There is also a significant growth in exports from the Netherlands Antilles to Costa Rica to observe; an export growth of 83% in 2008 when compared to 2007. With this growth the Netherlands regained its position as second trading partner of Costa Rica, surpassing China; total Costa Rican imports from China in 2008 equal to an amount of approximately \$ 920 million while the total Costa Rican imports from the Netherlands (including the Netherlands Antilles and Aruba) to 2008 is equivalent to an amount of approximately \$ 1.046 million. The U.S. in 2008 remains unchallenged at the top with an export value to Costa Rica equal to \$ 3730 million.



Commercial deficit increased 60% (Source: elfinancierocr.com)

Costa Rica ended 2008 with a trade deficit of \$5.8 billion, according to figures published by the Central Bank of Costa Rica. Elfinanciero.com reports: "The figures released by the Bank show growth rate has slowed in the last few months; as of October the figure was 80% higher than for the previous 12 months. The country sold merchandise abroad for \$9.6 billion last year, an increase of 2.5% compared to the year before."

6.000 jobs lost in industrial and construction sectors in Costa Rica (Source: Nacion.com)

By November 2008 the industrial reported 1.200 less workers than October 2008, and 4.800 less in construction. Nacion.com reports: "The employment contraction coincides with the slowdown in the production and the 0.5% fall registered in November 2008 compared to November 2007, according to the monthly index of economic activity. According to this, industrial and construction production are the ones facing a bigger slowdown."

Process for concession of ports in Costa Rica begins (Source: elfinancierocr.com)

The Costa Rican Government held meetings with operators that are interested in the port concessions, in order to evaluate the feasibility of the model. Elfinancierocr.com reports: "Several aspects must first be cleared up in order to establish the official proposal: Feasibility: To verify whether the proposed model is attractive, given the change in international financial conditions. The Government wants to check with operators to see if the proposal is profitable and if financing is available. Dutch companies APM and Boskalis attended the meeting.

Moin refinery in Costa Rica to be expanded (Source: Nacion.com)

Recope, in alliance with a Chinese oil company, will create a new private company that will modernize and expand the Moin refinery in Limon. Nacion.com reports: "In this case, the document - dated October 28, 2008 - authorizes the Costa Rican Petroleum Refinery (Recope) to negotiate and sign an agreement to create "a joint company" with the China National Petroleum Corporation International LTD, a subsidiary of China National Petroleum Corporation.

US puts Panama and Costa Rica on tax haven list (Source: elfinancierocr.com)

The list is part of a report which refers to countries that are preferred by big companies from the US because of the advantages they obtain related to tax. The article by Ana Cristina Camacho Sandoval published in the Elfinancierocr.com indicated that "In the report several

criteria was used to define a tax haven: they are in jurisdictions where their subsidiaries are not required to pay taxes; where there is no exchange of tax information between the country in question and the United States and where there is a lack of transparency in the implementation of legislative, judicial and administrative regulations.

US to take restrictions off Costa Rican tomatoes and peppers (Source: Nacion.com)

At the end of January the order will be signed to allow tomatoes and peppers produced in greenhouses on the market. According to Nacion.com: The signing of the agreement this month comes at the end of a five year process in which local producers were trained and thoroughly supervised. Until now, the US does not allow Costa Rican peppers and tomatoes on the market as a food health and safety measure to prevent the entry of the fruit fly.

HP could increase its payroll by 14% in 2009 (Source: Nacion.com)

Transnational company, Hewlett Packard (HP) currently has almost 7,000 employees and hopes to reach 8,000 in 2009. Maria Luisa Gonzalez, human resources manager at HP, said to Nacion.com: "Even though HP plans to contract 250 hiring's persons per month, this figure includes organizational growth and replacement of those that have left."

Calvo group opens regional office in Costa Rica (Source: elfinancierocr.com)



The company will manage commercial operations in Central America and the Caribbean from Costa Rica. Elfinancierocr.com reports: "The position will be taken over by the current manager in Costa Rica, Victor Perez, who for the last three years has been tasked with setting up the brand. The Calvo Group owns a production plant in El Salvador where it generates more than 1,500 direct jobs."

Costarican ICE awards \$12.5 million WiMAX contract (Source: Airspan Networks Inc.)

Airspan Networks announced that ICE has awarded Airspan Networks a follow-on order worth approximately \$12.5 million through its local partner, Datatell. ICE, Costa Rica's largest telecommunications provider, has undertaken a substantial residential and business subscriber expansion of next-generation advanced services in the country with Airspan's WiMAX Products.



BeamOne inaugurated sterilizing plant in Costa Rica
(Source: Nacion.com)

The sterilizing plant owned by American company, BeamOne, began its activities at the Coyol free zone in Alajuela on January 20th. Nacion.com reports: "Before

BeamOne, the country was lacking in sterilization services, providing an advantage to Puerto Rico and the Dominican Republic in attracting companies from the medical industry. Gabriela Llobet, director of the Costa Rican Coalition for Development Incentives (Cinde) commented that BeamOne will be an important reason for multinationals to come." The main savings for customers will be the ability to sterilize products in Costa Rica instead of sending them to Puerto Rico or the Dominican Republic. The company uses E-beam technology, which allows sterilization of medical instruments within minutes through a gasification process.



Digital design company expands in Costa Rica (Source: elfinancierocr.com)

By 2010 avVenta hopes to increase its payroll in Costa Rica by

150%, for a total of 2,000 employees. elfinanciero.com reports: "The webpage design company, avVentas, received an injection of capital from the TZP Group for \$20 million. The US-based digital production services company avVenta has invested US\$1.5 million in a 4,000 square-meter building in the Costa Rican province of Heredia. Within two years, it aims to have a workforce of 2,000. The company designs Web pages, publicity banners and online marketing for Fortune 500 companies, including Yahoo, General Motors and Digitas, the leading interactive advertising agency.



Guatemala

Largest Industrial Park in the Region

Guatemalan construction firm Confiansa built El Cortijo, the largest industrial park in Central America, with an investment of Q400 million (\$50 million). The park is located in Atanasio Tzul Boulevard with a construction area of 120,000 square meters. It's made up of 200 warehouses equipped with the latest technology.

El Cortijo houses companies such as call centres, FEDEX, UPS, Bacardi Rum, which provide around 6 thousand jobs. Carlos Zaid, El Cortijos's President, assured that they are ready to face the challenge of attracting more foreign investment to Guatemala.

Guatemala holds AGRITRADE 2009 in March



Guatemala's AGRITRADE is the most important International Central American event for integration and strengthening the agro- industrial sector in the region. It is organized by the Guatemalan Exporters Association (Agexport). The show will host visitors from USA, The Netherlands, Germany, Guatemala, El Salvador, Honduras, Mexico, Costa Rica, Nicaragua, Chile, among other countries. This will be edition 14 of a very successful 20 year old tradition of this Agricultural Trade Show.

In its 14th edition, AGRITRADE Expo & Conference 2009 will be held from March 19 to 21, in Casa Santo Domingo Hotel & Convention Centre, Antigua Guatemala. In the XIV Edition, the show will gather all the key players related to the agricultural sector of the region.

Last year, the Central American agricultural exports grew 28%, and the region strategic geographic position, wide range of microclimates and soil types, and productive capacity, makes it the ideal supplier of a diverse selection of fruits, vegetables, ornamental plants, flowers, foliage, and differentiated products.

A Dutch trade mission on horticulture will visit Guatemala on the same week and will participate in the Agritrade.

Guatemala expects increased Mango exports

Last year Guatemalan mango producers sold four million boxes in the U.S. market, generating revenues of U.S. \$ 20 million for the country. They expect an increase of 5% for 2009. To achieve this goal, the Ministry of Agriculture (MAGA) with the Guatemalan Association of Exporters (Agexport), will define an export protocol with the USDA / APHIS in Guatemala, a branch of the Department of Agriculture of the U.S. Government.

The figures show that 95% of the Guatemalan mango production is exported to the US (the remaining 5% to Europe). The six mango production plants will expand cultivation sites to

increase supply to US markets. A Profuta census last year showed that currently in Guatemala there are about 6 thousand hectares of mango cultivation.

Inflation closes at 9.4% in 2009

According to the National Statistics Institute, inflation closed at 9.4% in 2008, its highest rate in 12 years. This number exceeded the goal set by the International Monetary Fund at 7%. 2008 was marked by a world economic crisis that caused an increase in prices of different products but mainly those derived of petroleum. This is one of the main reasons for inflation in Guatemala. This drastic increase in prices of fuel and food lasted throughout the first semester, during the second semester prices fell, this helped inflation decrease from 14.16% (July 2008) to 9.4% (December)

Even though inflation decreased during the second semester, there was an increase of 12.35% in the food and beverages sector, which includes 144 products such as corn, eggs, beans, rice, among others. The price of the Basic Food Basket for an average family of 5 members went from Q1, 662 in 2007 to Q1, 976 in 2008 an increase of 18.85%.

Decreased Tax Collection

During 2008 tax collection reached 11.3% of GDP, 0.8% less than in 2007. According to Rudy Villeda, Superintendent of Tributary Administration, this was due to a contraction in consumption and smuggling, among other factors. Villeda assured that during 2008 net collection amounted to Q33 million which is 5.75% higher than income collected in 2007. Villeda stated that tax collection did not grow at the same rhythm as the gross domestic product.

According to the Superintendence of Tributary Administration (SAT) the decrease in tax collection is divided as follows: 0.4% decrease on Value Added Tax, 0.2% decrease on general customs collection, 0.2% decrease because of a reduction of tariffs to specific products such as tobacco, cement and fuel.

In the Peace Accords a tax quote of 13,2% was agreed by 2000. Guatemala has still not reached this tax quote. Guatemala's tax quote is among the lowest in Latin America. Authorities are confident that tax quote during 2009 will reach 11.5% of GDP, which is still below the goal set in the Peace Accords.

Government plans to boost the economy through jobs and credits, even though no jobs were created in 2008

Jobs, infrastructure and access to credits for the public and private are some of the government's measures for facing economic crisis in 2009. The National Program for Economic Recovery was presented by the Ministry of Finance and includes 11 policies and actions. This Program will be coordinated by President Alvaro Colom with the collaboration of Ministers and government officials. The Program will focus on public spending as a way of compensating, if only partially, the decrease in private spending. According to Juan Alberto Fuentes, Economy Minister, one of the priority policies is the creation of new jobs through public infrastructure projects such as road improvement .

Other measures include the fight against smuggling and money laundering, follow up on energy, rural development and microcredit programs, Central American customs integration, among others. According to the Executive, the Program's success depends significantly on and improvement in security.

The Minister of Employment acknowledged that in 2008 the government did not create new jobs. Critics are doubtful of the new plans.

Private sector presents economic perspectives for 2009

During a forum held in the Guatemalan Chamber of Industry, the private sector presented its economic perspectives for 2009. According to Flavio Montenegro, General Manager of G&T Bank, this year the economy will not grow as fast as previous years but there will not be economic chaos thanks to a stable financial system and a good macroeconomic policy. GDP is expected to have a 3.5% growth compared to 4% in 2008. Perspective for inflation is to close at 5.5% with a +/- margin of 1. According to the Guatemalan Central Bank, there will not be drastic changes in monetary policy. The financial system's cash flow will not have important changes but credits to the private sector will be reduced due to uncertainty of international financial crisis. Remittances will experience a decline but will remain on of the main income sources. Imports and exports will also be reduced because of a contraction in world economy.



Nicaragua

Centrolac from Nicaragua looking for opportunities in Central America
(Source: laprensa.com.ni)

Lacteos Centroamericanos is seeking to expand its operations in the region via Honduras and Costa Rica, both markets which they will enter this year.

Elnuevodiario.com.ni reports: "The announce was made yesterday by the general manager of Centrolac, Alfredo Lacayo, who also said that they will take advantage of the commercial opportunities offered by the Venezuelan market, which is a destination that we "have to guard and develop." Lacayo also mentioned that from last September to January this year, Centrolac has sent at least 15% of its milk production to Venezuela.

Nicaragua Plans to Reduce Dependence on Oil-based Energy to 3 Percent by 2013

Few decades ago the share of renewable energy in Nicaragua's power generation was 70 percent. Wind is part of Nicaragua's efforts to reduce its dependence on oil-based energy to just 3 percent by 2013. The country has also turned to geothermal power from volcanoes, hydroelectric power generated by rivers and sugarcane based ethanol. Those sources provide 34 percent of Nicaragua's energy. Ernesto Martinez, CEO of the Nicaraguan Energy Company, said recently that Russia will finance and build two geothermal plants in Nicaragua with the capacity to produce 250 megawatts. Rappaccioli also said Iran, Brazil and Mexican billionaire Carlos Slim have also expressed interest in investing in the country's renewable energy efforts.

Nicaragua adds wind power to energy mix

Energy-starved Nicaragua is turning to wind as it tries to reduce its dependence on oil-based power. In February 2009, the country will begin operating 19 windmills that have the potential to generate 40 megawatts of energy. Energy Minister Emilio Rappaccioli said the \$90 million project will be operating at full capacity by the end of February and contribute 6 percent of the country's total energy needs. Nicaragua successfully ended rolling blackouts that left the country without power for hours on many days, but the government struggled to pay higher energy costs as oil prices peaked at more than \$147 a barrel earlier this year. Rappaccioli said the new project will save about \$9 million a year in fuel costs, at current prices. The lead developer on the operation is Arctas Capital Group LP of Houston, Texas (Consortio Amayo), which says it is in advanced stages of development for another 40-megawatt installation. The project's Canadian manager, Sean Porter, says officials are considering adding 19 more windmills in the second phase of the project.

Increase of Value of Nicaraguan Export Highlighted

The Nicaraguan export operations increased their value during 2008 in 24.1 percent compared to 2007, said statistic data from the Export Process Center (CETREX), published in January 2009. The value of sent merchandise abroad in the last 12 months went up to 1.54 billion dollars over the sales in 2007, which went up to that were 1.24 billion dollars, said CETREX. However, this rise did not mean an increase in the volume of exports and rather responds to better prices in the market, sources of the sector pointed out.

FTA leads to big jump in Nicaragua exports to Taiwan

Nicaragua's exports to Taiwan have grown by 70 percent since the two countries signed a free trade agreement (FTA) in 2006, in a sign that trade relations between the two countries have not been affected by the global economic recession, Taiwan's Ambassador to Nicaragua, Wu Chin-mu, said Friday. The value of Nicaragua's total exports to the island for 2007 was between US\$120 million and US\$140 million, according to Wu. Nicaragua's main exports to Taiwan comprise shrimps, meat and poultry products, coffee, sesame, and scrap metal. However, according to Taiwan's Bureau of Foreign Trade figures, the value of Taiwan's total imports from Nicaragua for 2007 was US\$153.4 million, a stunning growth of 77.9 percent. For the first seven months of 2008, the value of imports exceeded that of the entire year 2007, amounting to US\$186 million, a whopping increase of 157.6 percent compared to the same period in the previous year.

BCIE (CABEI) will pay out US\$200 millions to Nicaragua for private banks

The Central American Bank for Economic Integration will pay US 200 millions to Nicaragua as loans to strengthen the country financial system. President of the Central Bank, Antenor Rosales, said: "with these resources, we will guarantee the private bank liquidity and the public savings. According to CABEI, these funds are the respond to a request made by the Ortega's government for facing the financial crisis. Mr. Rosales pointed out that US\$100 millions will be available for any Nicaraguan private bank; which needs funds. The second US\$100 will be used as deposit guarantee to protect Nicaraguan savings. The total amount will be paid to Nicaragua, as a long term loan, with low interest rate.



El Salvador

El Salvador receives \$3.8 billion in remittances (Source: elsalvador.com)

In 2008 there was an average monthly income of \$315.6 million, higher than the \$307.9 average for 2007. Elsalvador.com reports: "Salvadorans who reside abroad sent \$3.78 billion to their families at home in 2008, an increase of 2.5%, the Central Reserve Bank (BCR) reported. The bank said that "the remittances by family members continued to be positive despite the global economic condition, particularly in the United States.

FMI grants \$800 million to El Salvador (Source: laprensagrafica.com)

The directory of the IMF approved a 14 month "stand-by" credit line, that will allow the country to tap \$800 million. Laprensagrafica.com reports: "These substantial IMF funds will increment the liquidity reserves of the economy and will contribute to strengthen the trust in El Salvador's financial system.", stated Murilo Portugal, sub Manager and acting president of the Directory."

Red Fox invests \$11 million in El Salvador (Source: elsalvador.com)

The German company, which exports ornamental plants, built five greenhouses measuring 1.8 hectares each, with a capacity for 1.6 million plants. The firm is located in the city of Santa Ana. In addition to the five greenhouses, which provide a total production surface of 92,000 square meters, they also have a built an industrial building that provides office space, and that is used to disinfect recycled water, for supplies, cold storage, and other infrastructure need to send first class products to the United States, Canada and parts of Europe. The total production surface will be four time more than the current one, that is, 400.000 m2.

Free movement of goods between El Salvador and Guatemala (Source: elnuevodiario.com.ni)

Starting Februari both countries will eliminate their borders to allow for the movement of merchandise and people, as a part of the integration process. "Both countries will declare the territories free for the movement of people and merchandise in order to create a joint customs", said Antonio Saca, in the presence of his counterparts from Central America. The head of state expects that Nicaragua and Honduras will be the next to follow suit but did not give a date.

\$9 million in investment for Salvadoran agriculture sector (Source: elsalvador.com)

Training for farmers, improvements in the irrigation system and the construction of greenhouses, are some of the projects that will be carried out for agricultural cultivation. Elsavlador.com reports: "In order to support agricultural diversity, the Ministry of Agriculture will hire, this year, some 300 agronomists to train farmers so that they can learn about adding value to their products, so that they can improve exports and internal consumption, thereby increasing their income, said the head of the Ministry, Mario Ernesto Salaverría."

Aeroman invests \$25 million in El Salvador (Source: laprensagrafica.com)

The company is planning to build a new hangar for two production, generating some 1,500 jobs. Laprensagrafica.com reports: "In November 2008, the last two hangars were inaugurated, situated at the El Salvador International Airport, and have generated 618 jobs. Aeroman hopes to have 16 production lines or bays with the development of its expansion plan. Currently more than 1,300 individuals work for the company, including technicians, engineers, and administrative staff, but more qualified workers are needed."

El Salvador to certify import companies (Source: laprensagrafica.com)

The Customs Department (DGA) will, via the Business Fulfillment Customs Program, certify import companies. Laprensagrafica.com reports: "The certification is an acknowledgment of the proper operation and action in the customs environment for companies, which will result in benefits as delays and costs at customs will be reduced," confirmed Gustavo Villatoro, director of the DGA. To get the certification, interested importers must only have a maximum of 2% infractions per year in the revision of their merchandise, have formal accounting in place and a formal contract with the customs intermediary."



Honduras

Remittances to Honduras increased 7.3% in 2008 (Source: proceso.hn)

Remittances sent to Honduras totaled \$2.7 billion, according to the Central Bank of Honduras (BCH). Proceso Digital reports on its website: "Despite the increase, it was less in 2007-2008 than in 2006-2007, when it was 11.6%, it was said. Honduran economic authorities had forecast the drop in the growth rate for remittances due to

the unemployment that is affecting more and more Hondurans due to the crisis in the United States.

Telephone companies to invest \$300 million in Honduras (Source: elheraldo.hn)

In 2009, Digicel will invest between \$150 and \$200 million, Tigo between \$100 and \$150 million and Claro between \$50 and \$100 million. Elheraldo.hn reports: "There has been a historic amount of investment in cellular phones in Honduras. This behaviour will continue in the medium term, executives from Tigo, Claro and Digicel agreed. The executives believe that the minimum investment by the telecoms will be around \$300 million.

\$200 million in Honduran shrimp exports in 2009 (Source: elheraldo.hn)



This year the Association of Aquaculture is projecting an increase of 25% in exports. Elheraldo.hn reports on its website: Jacobo Paz, the representative of the Association of Aquaculture, said that "the industry has increased productivity due to increased sowing and added value which improves prices." He said that there are foreign companies which plan to invest in Honduras to produce other marine species such as tilapia and bass."

\$600 million for hydroelectric plant in Honduras (Source: latribuna.hn)

The Brazilian Odebrecht company will be in charge of constructing the Los Llanitos and the Jicatuyo hydroelectric dams in the Santa Barbara department. Latribuna.hn reports on its website: "The work to be carried by the foreign company includes the design, construction, operation, maintenance, and transfer of the hydroelectric plants which will have an installed capacity of 271 megawatts, and an annual generation of 1,037 kilowatt-hours. Based on projects by the Brazilian construction company and by the ENEE, it will also create some 3000 direct jobs and 15,000 indirect".

Tobacco industry suffering (Source: latribuna.hn)

The tobacco industry operating in eastern zone is analyzing the possibility of transferring their operations to Nicaragua or the Dominican Republic due to the increase in costs. Latribuna.hn reports: "Nestor Plasencia, tobacco businessman, said that in Nicaragua and even in the Dominican Republic, tobacco companies have lower operating costs than those they face in Honduras. Pasencia reported that they are seeking a meeting with the President of the Republic to personally explain to him the severity of the situation that the tobacco industry is facing and what this means for the eastern zone of Honduras".



Dominican Republic

Collections have fallen

As a result of the economic contraction caused by the global economic crisis, the year has begun with less money entering the national coffers. According to official figures, as of 19 January 2009, collections have fallen by RD\$9.43 billion after reaching RD\$12.4 billion during the same period in 2008. The greatest reduction came in customs collections, which went down from RD\$2.952 billion to just RD\$1.70 billion for the period. This was influenced by two elements: the crisis and the lowering of tariffs according to international agreements.

IMF supports DR

The IMF is expressing its support for economic policies implemented by the Dominican government to help protect the economy from the effects of the economic financial crisis that began last September. In its review of the DR's post Stand-by Arrangement monitoring program, the IMF says that proper fiscal planning in 2009 will help ease external pressures and create a margin for monetary flexibility. The IMF warns that if external pressures continue the DR must be ready to apply even more flexible exchange rate policies.

Pre-paid power for barrios

The Ministry of Industry and Commerce (SEIC) is spending US\$ 10 million on a pilot plan for electricity to be pre-paid by consumers (in poor barrios). The project is funded by the European Union through the National Office for European Development Funds (ONFED), and will be implemented by the SEIC's Non-Conventional Energy Department and coordinated with energy distributors Ede-Norte, Ede-Sur and Ede-Este. Most residents in these barrios could pay for the electricity service they receive if there is a way to invoice it adjusted to their financial conditions."

Construction of two coal-fired power generators of 600MW each

The ruling PLD party has taken a special interest in Congress authorizing the issue of US\$2 billion in bonds for the construction of, as reported in Listin Diario. If construction begins in 2009, the plants would go online in 2012. The PLD presented the bill to its legislators for channeling through Congress. The ruling party believes that this is the solution to the country's ongoing energy problems. The plants would be built in Monte Cristi and Azua. The idea is that the coal-fired plants' lower generation costs would oblige private generation companies to negotiate lower rates. The bill stipulates that the State-run Electricity Companies (CDEEE) will be responsible for acquiring, installing and maintaining the power plants. The construction plan dates back to 2006 when the government signed agreements with Emirates Power and Chinese company Sichuan, but a lack of funds was blamed for the project not getting off the ground. In the new power deal, the government reportedly guarantees it will purchase 90% of the energy that the plants generate.



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.



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