



Regional Newsflash

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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

US Administration preps for Americas summit

A week after President Obama's first major overseas trip, the State Department is preparing for a second summit, focused on the Western hemisphere. The Summit of the Americas, which kicks off April 17 in the island nation of Trinidad and Tobago, will bring together 34 heads of state to deal with the global economic crisis, energy development and the environment. The Obama administration has already pursued significant diplomatic outreach to Latin American countries. Obama has met with Mexican President Felipe Calderon, Canadian Prime Minister Stephen Harper and Brazilian President Luiz Inacio Lula da Silva. In late March, Vice President Biden visited Chile and Costa Rica for meetings with foreign heads of state. Secretary of State Hillary Rodham Clinton, Attorney General Eric Holder and Homeland Security Secretary Janet Napolitano have all made stops in Mexico as well. After economic growth of about 3 percent a year between 2003 and 2007, the United Nations has projected countries throughout the Americas will see a decline over the coming years of three-tenths of 1 percent annually. That decline could put in jeopardy recent advances many countries in the Western hemisphere have made in reducing poverty. The economic crisis could also threaten security in the region, fending off a growing wave of violence from drug cartels, especially along the U.S. border. Latin America, the Caribbean are witnessing an increase in criminality and are having difficulty

confronting this because of judicial and police systems that need assistance, need more training, need more equipment. The summit will be a good place to discuss these challenges.

EU Contributes to Agricultural Development in Honduras and Guatemala (Source: laprensagrafica.com)

The EU announced \$25 million in aid to Guatemala and \$17 million to Honduras for agricultural development. The announced assistance by the European Commission aims at:

- Improving access to fertilizers and seeds ;
- Increasing micro-credit,
- Building rural infrastructure and public works such as roads or irrigation systems.
- improve access to veterinary services and agricultural technical services



Europe insists on Central American integration (Source: laprensagrafica.com)

The European Union again noted its interest in an integrated Central America where there is a free flow of investments, goods and services. The seventh round of negotiations of the Association Agreement between the European Union and Central America opened in Honduras with the explicit indication by Petros Mavromichalis, political negotiator of the EU that "regional integration remains a subject of great importance for us. We're not talking about philosophical considerations, but rather a practical analysis of the tangible effects on our agreement to the free movement of goods, services and investment in Central America and Europe; this for us is of paramount importance." The latest round of negotiations however ended abruptly when the Managua delegation tried to present a proposal for a €60 billion regional cooperation fund without having attained a consensus with the other participating Central American countries. Nicaragua is willing to sit back down at the European Union negotiating table as long as the other Central American countries unite around a disputed development fund the Managua delegation proposed earlier this month, told Vice Foreign Minister Manuel Coronel. The vice minister said Nicaragua will participate in the meeting set for April 23 and 24 in Brussels, Belgium, which was called to put the negotiations toward a trade and cooperation association between the two regions back on track. The vice minister singled out Costa Rica as adding impetus to the breakdown in the seventh round of talks, claiming that the other Central American countries were in favor of the fund. "Costa Rica broke the consensus, for reasons about which there's no reason to speculate," he said. Coronel's remarks came after the European Commission (EC) released a statement Monday saying, "We are ready and willing to listen attentively to Nicaragua's requests." The vice foreign minister said he was "glad" to receive the "positive" statements from the EC, which for Managua "confirmed the presence of Europe's highest spirit of understanding toward Central America."

EU to buy up to 60 tons of sugar (Source: laprensagrafica.com)

Europe would admit up to 60,000 tons of Central American sugar, 5% of the deficit in its annual consumption. In the last round of negotiations of the Association Agreement between Central America and Europe, it was agreed to open the market at 35,000 tons, but the Europeans have given in more in recent mini-rounds, according to an article in La Prensa Grafica of El Salvador: "According to negotiation sources, they have given in a little bit more during the mini-rounds. In the last round, the proposal went up 60,000 tons. The article also established that the 5 Central American countries participating in the process will share the quota equally.



Biden-Central America

Vice President Joe Biden traveled to Costa Rica for a one-day mini-summit with Central American leaders, in which they discussed, among other things, the negative effects of the deportation of immigrants from the United States. On April 16 and 17, President Barack Obama also will go to Mexico to hold bilateral meetings with his colleague Felipe Calderon before flying to Trinidad and Tobago for the Fifth Summit of the Americas.

U.S. to ensure Central American access to credit (Source: elsalvador.com)

Thomas A., Shannon, Subsecretary of State for Western Hemisphere Affairs from U.S.A. announced that his country would collaborate with the region to minimize the effect of the crisis. "in the face of the financial crisis, the United States will focus on ensuring that these nations have access to the credit needed to overcome the crisis and protect their social programs." An article in elsalvador.com reported that Shannon indicated that the region is vulnerable to "the decline in remittances (of its citizens residing in the U.S.) and getting credit from the multilateral development banks."

Isthmus textile exports drop by more than 18% (Source: Nacion.com)

In January, textile exports decreased between 18% and 40% in 5 Central American countries. The fall in revenue was 40% in Costa Rica, 36% in Guatemala, 22% in Nicaragua and 18% in both Honduras and El Salvador. The statistics were reported by the secretary of the Free Trade Zones Corporation of Nicaragua. In relation to the volume of sales abroad, decreases were also significant: 35.2% in Guatemala, 27.56% in Costa Rica, 26.8% in El Salvador, 16.2% in Honduras and 8% in Nicaragua."



Costa Rica

Intel's new processor to be produced only in Costa Rica (Source:

elfinancierocr.com) The new Xeon 5500 processor from Intel will be produced only at the Intel plant in Costa Rica. The new processor will allow the processing speed for applications in servers and desktop computers to be 8 times faster. According to Gastón Suárez, operations manager of Intel Costa Rica, the impact this will have on exports from the local plant cannot be revealed because it will depend on global demand, whose growth is estimated at 20% annually.



Legalities prevent renovation and expansion of Costa Rica oil refinery

President Oscar Arias has been advised not to push forth with plans to reconstruct an oil refinery on the country's Caribbean coast, despite numbers that suggest the project would greatly benefit Costa Rica. The multi-million dollar renovation and expansion, expected to generate between 1,000 and 1,500 jobs and save the country between \$200 and \$300 million in oil costs each year, is proposed as a joint partnership between the Costa Rican Oil Refinery (RECOPE) and the China National Petroleum Corporation (CNPC). But the government's own fiscal watchdog, the Comptroller General's Office, said the agreement is not viable because it challenges RECOPE's legal monopoly in oil refining and distribution, which can only be altered by a change in legislation. Presidency Minister Rodrigo Arias, President Arias' brother, expressed disappointment last week that the country might "squander an investment like this." He said he plans on appealing to the Comptroller General's Office in the hope that it will endorse the contract. He also said the proposed project would greatly benefit the country and the region of

Limón. According to Arias, the current refinery is old and operating with obsolete equipment, making it impossible to process more than 20,000 or 25,000 barrels per day. He's hoping that with the renovation and expansion, that plant could process 60,000 barrels each day. The proposed joint venture is only one of the projects resulting from Costa Rica's newly established diplomatic relationship with China. Another is the construction of a national stadium, which is being built in La Sabana Park, on San José's western edge, with an \$83 million donation from China.



\$345 million for metropolitan train project (Source: Nacion.com)

There are six companies interested in the 35-year concession of the Metropolitan Electric Train (TREM). The project would involve the construction and operation of an electric train. The first section would be between San Jose and Heredia. The total investment is \$345 million of which the state will provide \$100 million and the remainder would be the responsibility of the concessionaire which will have 35 years to recover the investment. The Ministry of Transport and Public Works so far has six international companies interested in the project, "Alston (France), CAF (Spain), Inekon Group Corporation (Czech Republic) and Siemens (Germany), Bombardier (Canada) and Golden Source International Economic (China.) " The ministry said it expects to award the project in 2010 and the first tranche could operate in 2013.

\$65 million from China for Technological Park (Source: Nacion.com)

China will finance a high technology development centre which will feature a business centre, shopping area and data centre. The governments of both countries are already working on the design of the complex estimated at a cost of \$65 million. The Chinese ambassador in Costa Rica, Wang Xiaoyuan, reported: "We reached an agreement for China to give consultation on the park. The idea is a development zone with research and production to attract investment."

Arrival of tourists down by 8% (Source: Nacion.com)

From September 2008 to February 2009, Costa Rica received 82 thousand less tourists than during the same period the previous year. The aggregate of tourists for the country's two international airports for the semester ending in February 2009 was 885 thousand, 8% lower than the figure of 967 thousand recorded during the same period in 2008.



Additional promotional budget has been allocated to promote Costa Rica tourist destination. Furthermore, medical tourism was declared of national interest, currently about 100,000 tourists visit the country annually for medical purposes, paying between \$4,000 and \$6,000 per procedure. Tourism and Foreign Trade Ministries are working on bringing more investment and patients to the country, and the Health Ministry is promote international accreditation of the medical facilities and to ensure service quality. Currently most foreign patients come from the US and spend between \$4,000 and \$6,000 mainly on cosmetic surgery and dental or heart procedures. **Good news for Royal Philips medical equipment division.**



Laica invests \$5 Million in sugar plant (Source: elfinancierocr.com)

The new investment was made in a new specialized facility for the production of liquid sugar located in Alajuela. The new Laica facility joins the existing industrial complex in El Coyol, Alajuela, which has experienced rapid growth in real estate investment for industrial, manufacturing and commercial use in the last few years. Laica

estimated the investment at about \$5 million, mainly because it was forced to acquire a high-tech plant for micro-filtration and discoloration processes.

Drop in milk prices hits Costa Rica (Source: Nacion.com)

The international price of milk decreased by 60%, impacting Costa Rican dairy producers. The decline in world prices is attributed to a decline in product demand, a consequence of the crisis. According to Erick Montero, executive director of the National Chamber of Milk Producers, “warned that the sector faces two other problems: the impact of the rains in February and the high cost of raw materials, making it difficult to reduce the local price.” Milk producers are looking to create added value to their products by processing them, creating business opportunities for Dutch food processing technology and machinery. The Dutch Embassies of Central America together with SNV is elaborating a regional study regarding business opportunities for Dutch companies in the food processing sector with emphasis on tomatoes and dairy products. Study will be finished in May.

Costa Rica hosts the II International Congress on Hydroponics (Source: IICA)

From March 31 to April 3, Costa Rica brought together sixteen experts from nine countries and more than 150 people. Members of the International Association of Consultants in Hydroponics and leading specialists from Peru, Mexico, Argentina, the USA, Brazil, Canada, Colombia, Spain and Costa Rica spoke about the culture of protected cultivation, and highlighted the importance of the different hydroponics methods. The specialists also talked about the cultivation of bell peppers, potato seeds, strawberries, flowers, leaves, green forage, alfalfa, coriander, dwarf spinach and onion in alternative production systems. There is a growing interest in Central America in producing vegetables and fruits in controlled greenhouses, this represents many business opportunities for Dutch companies active in the agriculture sector such as greenhouse constructors, consulting & training, automation, irrigation, seeds, biological pest controls, harvesting and packaging.

New public purchase model (Source: Nacion.com)

The country will adopt the South Korean online purchase system which allows all the paperwork to be completed electronically. The government by having a fully digital process, hopes to ensure greater transparency, increase supplier participation and achieve better prices. The implementation of the system will require an investment of less than \$8 million by the government.

Costa Rica removed from tax haven blacklist

Five days after Costa Rica was blacklisted for not committing to international tax standards, the country's Finance Ministry announced that it will take the steps necessary to comply. Costa Rica – along with Malaysia, Uruguay and the Philippines – was taken off the list on Tuesday, after officials with the Organization for Economic Cooperation and Development (OECD) evoked a commitment for improved exchange of tax information. At a press conference in Paris Tuesday, OECD Secretary-General Angel Gurría said, “I am very happy to share with you today that those four jurisdictions have now made a full commitment to exchange information according to the OECD standard. We believe this is very important progress.” Recognizing that it only took a few days for these countries to remove themselves from the blacklist, one reporter at the press conference questioned whether the commitment could be trusted. “We cannot undermine the credibility of our process by accepting second rate commitments,” said Jeffrey Owens, director of the OECD Centre for Tax Policy and Administration, in response. “(The commitment) is based on objective criteria and we have spent a lot of time discussing it with (the remaining four countries) before we accepted their

commitments.” But Gurría acknowledged that it will take work on the part of the OECD and the home country to ensure that existing tax standards are implemented. “OECD's primary interest at the moment is access to bank information for tax purposes, without the intervention of a judge...or an investigation for tax fraud,” Finance Minister Guillermo Zúñiga said in a statement. “For that reason, part of our obligation in the coming days is to send a bill to the Legislative Assembly.”



Guatemala

AgriTrade 2009 exceptionally well received

The 14th edition of the Guatemalan exhibition AgriTrade was, according to the organisers, an overwhelming success. There were 115 stands at the exhibition, more than 100 international customers were doing business and 19 seminars were given. AgriTrade was visited by more than 2500 visitors from neighbouring countries, the United States, Europe and Asia. This year the exhibition was held at Antigua. Estuardo Castro, managing the organising committee, hopes for the same great success for the following edition in 2011. According to Carlos Amador, chairman of AgExport, it was quite noticeable that the exhibition, despite the economic crisis, exceeded the expectations. Especially the attendance of tourists and the innovative character were golden experiences, according to the organisation. **A Dutch delegation with 8 companies participated**



IMF grants \$950 million credit line (Source: elperiodico.com.gt)

The 16-month line of credit will strengthen the country's international position and monetary reserves. Gabriel Lopetegui of the IMF said that "it is a precautionary agreement that is not expected to be used, but it is there to serve as a shield for the country." An article in elPeriódico of Guatemala indicated that the funds could be used to "address balance of payments issues such as capital flight, devaluation or a sharp drop in foreign exchange earnings." The credit line comes with certain conditions for its use such as maintaining a maximum fiscal deficit of 2.4% of the GDP.

Guatemala to build 3 mini-hydroelectric plants (Source: prensalibre.com)

With the support of Japan's International Cooperation Agency (JICA), the construction of 3 small hydroelectric plants in poor communities of the area of Alta Verapaz, could become a reality. Minister of Energy, Carlos Meany, stated that as a result of an agreement with JICA there will be a donation of at least US\$ 10 million. In the coming months a Japanese technical mission will visit Guatemala in order to develop feasibility studies. Each hydroelectric installation would cost around US\$500.000. Guatemala is the third country, after Bangladesh and Kenya, to be selected by the Japanese Program "Tierra Fresca", which has invested US\$10,000 million for this type of projects in developing nations around the world.

Exports to major markets fall (Source: elperiodico.com.gt)

Exports to the US, Central America and Europe fell by 1.3%, 7.2% and 51.8% respectively. Statistics from the Bank of Guatemala reflect the numbers for January 2009 when compared to January 2008. Some of the sectors most affected were coffee and petroleum, with drops of 18.8% and 65%, and the textile industry, whose exports to the U.S. decreased by 29.2%. Overall exports rose 1.2% over the same period, due to greater proceeds from sugar, bananas and cardamom.

Tax collection goal reduced

Minister of Finance, Juan Alberto Fuentes Knight and Tax Collection Superintendent, Rudy Villeda, announced that the goal for tax income for 2009 was reduced from Q36 to Q33 million. The national budget deficit will have to be covered by donations, more loans and a reduction in administrative expenses, although they expect the deficit to remain at 2%. This is the first time that the Tax Collection Superintendence has reduced its goals. This reduction has forced cuts in the national budget such as lowering funds for some institutions and adjusting costs such as fuel and travel fees.

Guatemala designates new chief negotiator for the European Union

Just two rounds away from closing negotiations for the Association Agreement between Central America and the European Union, Guatemala has designated new chief negotiators. Ministry of Economy, Rubén Morales, appointed David Cristiani as the new Vice-Minister for Commerce and Integration and Edith Flores as chief negotiator. Both officials have worked for the Central American Integration Secretariat (SIECA); Cristiani's former position was as the Vice-President's adviser and Flores as legal counsellor for the National Coffee Association. During the next round of negotiations, to be held in Honduras, Central America expects to achieve access to the European market for key products such as sugar, roasted coffee and bananas. Its proposal includes tax free access for 1.2 million tons of sugar per year, although the European offer is only 60 thousand tons.

Estimation of 1% growth, according to Fitch Ratings

A decrease on income flows from tourism, remittances and exports will affect the Latin American economy and Guatemala will be no exception with an expected growth of only 1%, according to Fitch Ratings. This would mean the lowest economic growth since 1986. Fitch's report explained that small and open economies such as Central America are more vulnerable to world recession. The Guatemalan Central Bank (Banguat) is now adjusting the 3% growth estimate for GDP. According to Wilson Romero from the Economic Institute of the Rafael Landivar University, a 1% growth would be dramatic and a big fall from the 6.3% growth just two years ago. It would confirm a scenario of more unemployment and poverty. According to the National Statistics Institute, 6.6 million people live in poverty (51% of the population). A 5% poverty reduction was reported 5% between 2000 and 2006, half of it due to remittances.

New regulations against money laundering

Guatemalan banks will now have to keep an eye on more than 700 accounts of politicians and its relatives as part of a new set of regulations against money laundering that will be enforced as of April 1st.

Dispositions set out by the Bank Superintendence include watching over politically exposed persons (PEP), cash transactions and remittances. Car retailers, jewellers, real state offices and probably travel agencies, will have to report cash transactions over US\$10,000 to the Bank Superintendence. Banks will also have to report remittances of over US\$2,000 sent to one person.



Nicaragua

Foreign investment increases by 79.1% in Nicaragua (Source: prensalibre.com)

Foreign direct investment in Nicaragua went from \$335 million in 2007 to \$600 million in 2008. During 2009, the state agency for investment promotion, Pro-Nicaragua, expects to capture \$600 million in investments, mainly in the

energy sector. An article published in Prensalibre.com reported that the executive director of Pro-Nicaragua, Javier Chamorro, explained that "the Nicaraguan Ministry of Energy and Mines recently signed a memorandum of understanding with the Andrade Gutierrez Company of Brazil for the development of feasibility studies at the Brito Hydroelectric plant located in the northern part of the country, whose investment cost is estimated at \$300 million."

Nicaragua is a land of opportunity (Source: Revista Summa)

FTAs, a skilled workforce and the proximity to strategic markets are among the attractions for investors in Nicaragua. In its April 2009 issue, Revista Summa will publish an exclusive interview with Javier Chamorro, Executive Director of ProNicaragua which is directed at getting to know the advances in attracting foreign direct investment and the plans that will be developed during 2009. Nicaragua is a land of opportunities for international investors interested in developing businesses in sectors such as textiles and clothing, light manufacturing and assembly, agribusiness and forestry, contact centers & BPOs, tourism and renewable energy. Preliminary data from the Ministry of Development, Industry and Trade (MIFIC) show that foreign direct investment (FDI) during 2008 totaled \$600 million, 80% more than in 2007. The main sectors receiving FDI were energy (40%), telecommunications (29%) and free trade zones (21%); and capital for these investments came mainly from Mexico (26%), the United States (18.9%), Guatemala (15%) and Venezuela (15%). ProNicaragua is the public-private investment promotion agency dedicated to attracting foreign direct investment and supporting businesses seeking investment opportunities in the country. ProNicaragua attracted \$218 million during 2008, 36% of the total FDI received by Nicaragua for that year.



Cone denim textile factory closes (Source: elnuevodiario.com.ni)

The closing of the U.S. company because of the economic crisis sends 800 workers to the ranks of the unemployed. The company, which had announced a temporary closing for a couple of weeks, requested a temporary closing of 14 months from the Ministry of Labor.

The decision to close operations in the country was made due to the global economic crisis and the slowdown in the supply chain.

Multi-Sectoral agreement to attract investment (Source: laprensa.com.ni)

Entrepreneurs, unions and the government have agreed to maintain the lowest wages on the isthmus and attract companies to Free Trade zones. Thus far in 2009, several free trade zone companies, such as Dasol Textiles and Premier Textiles, have shut down operations in the country. These are added to the ones that shut down in 2008, such as the Taiwanese Company Nien Hsing. Estimates on the number of jobs lost since 2008 range from 13,000 to 20,000. In response to this situation, employers, unions and the government have agreed to fix salary increases for the next three years, so that companies can have a clear projection of payroll costs and employees can ensure a gradual, predetermined increase. This measure will allow Nicaraguan salaries to remain the lowest in Central America which, according to the private sector, will give 'the country more competitiveness.



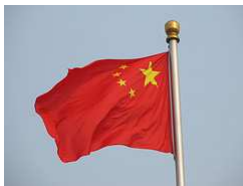
El Salvador

Chaves opens arms for El Salvador to join ALBA

Three days before the Fifth Summit of the Americas, scheduled for April 17-19, a group of Latin American and Caribbean leaders led by Venezuelan President Hugo Chavez will meet in Caracas to discuss new paths for regional integration, trade and cooperation. However, Bolivian President Evo Morales, whose country is a member of ALBA, told Chavez yesterday that he had decided not to attend the ALBA meeting nor the Summit of the Americas because of domestic political problems. President Morales has been staging a hunger strike since April 9 to pressure Bolivia's congress to set a firm date for presidential elections which are mandated by a constitutional reform approved in January. Hugo Chavez said recently that Antigua and Barbuda and Panama have expressed interest in joining ALBA. Referring to the possibility of another Central American country joining ALBA, Chavez said the group "has opened arms and hearts to receive El Salvador if its government decides to do so. This is a decision that only President-elect Mauricio Funes can make".

Mauricio Funes of the FLMN - Salvadoran President-Elect (Source: elsalvador.com)

President-Elect Funes emphasized his commitment to respecting the rule of law and constitutional norms. In a speech with a moderate tone, the winning candidate expressed his conviction to the strengthening of national reconciliation, referring to the peace agreement reached 20 years ago to end the civil war. He stressed his determination in ensuring the democratic functioning of Salvadoran society, freedom of expression and religion, and the consolidation of national unity. The president-elect said that in regards to economics he will push for a broad business base which will be key in these times of crisis facing every country, and that he will work to create policies that can make the national economy more dynamic.



Possible closer ties between China and El Salvador (Source:

mipunto.com) Both the president-elect of El Salvador and the Chinese government expressed interest in closer ties. Mauricio Funes, president-elect of El Salvador, said that he was interested in exploring the establishment of diplomatic relations and strengthening trade relations with the Asian country. The Chinese government indicated its willingness today to "strengthen relations with El Salvador," but it clarified that "any closer ties to El Salvador should be based on the principle that the island of Taiwan is an integral part of Chinese territory."

El Salvador on the brink of recession (Source: elsalvador.com)

According to the Central Reserve Bank, the negative growth behavior of most economic indicators put the country on the brink of a recession. Elsalvador.com published: "In February 2009, there were two consecutive quarters with the negative growth of the Economic Activity Volume Index (IVAE), and other variables with which we measure the country's macroeconomic performance and the trend point to a continual decline. Technically, a recession occurs when the Gross Domestic Product (GDP) shows negative growth for two consecutive quarters"

One third of Salvadoran construction firms without work (Source: elsalvador.com)

The prospects of the construction sector for this year are a 4% decrease. Ismael Nolasco, executive director of the Salvadoran Construction Industry Chamber (CASALCO) informed Elsalvador.com: "There are no closed businesses, but 30% of them just pay taxes and services and go to the office because there is no work; sector outlook for this year is that there will be a 4% decrease and this estimate translates into businesses closing."

Textile manufacturer to suspend 3,000 workers (Source: laprensagrafica.com)

The Fruit of the Loom textile company halted operations at one of its 7 plants, temporarily suspending 25% of its personnel. The decline in operations is due to Fruit of the Loom clients being overstocked with product and adjusting inventories. Fruit continues to be interested in remaining in El Salvador until there is an economic upturn in the US.



El Salvador plans to have an aviation industry (Source: elsalvador.com) The Investment Promotion Agency of El Salvador (PROESA) is promoting the concept for which it has already hired an expert firm in aeronautical development. El Salvador already has a good basis for developing an aircraft industry in Aeroman, originally a TACA division that offered maintenance services to the airline's fleet and was acquired in 2006 by the Canadian company, Aveos Fleet Performance Inc.

Aeroman is certified by the FAA to perform major maintenance on A-320 and Boeing 737, 757 and 767 aircraft. PROESA noted the ability of the Salvadoran industry in the production of fibre glass and carbon, as well as the know-how in electrical engineering, as advantages. Kevin Michael, president of AeroStrategy, the consultant in aeronautical development that was hired commented that "El Salvador must first focus on specific segments, such as aircraft maintenance because it is labour-intensive. The second component is reparation, marketing and distribution of small parts for airplanes, as well as the manufacture of less complex elements of the aircraft." This could be interesting for Dutch Maintenance, Repair and Overhaul (MRO) companies such as KLM E&M, Stork, Urenco Aerospace, Stella and Netherlands Aerospace Group (NAG).



Honduras

Honduras-Mexico trade grows by 342% because of TLC (Source: laprensahn.com)

In 2008, Honduras exported \$255 million to Mexico and imported \$459 million, for a total of \$714 million. The figure represents an increase of 342% when compared to the \$161 million traded in 2000, the year before the signing of the Free Trade Agreement between both countries. The Mexican consul in San Pedro Sula, Marco Antonio Blanco Garcia, told La Prensa of Honduras that in addition to trade, "a lot of Mexican capital has been invested in major cities, like San Pedro Sula and Tegucigalpa, where companies like Bimbo, Maseca, Telmex, Grupo Elektra, Banco Azteca, Credimax, Aeromexico, Satelites Mexicanos, Comex, TROPIGAS, Comunicación Vial of Central America and the TV signal distributors Televisa and Azteca operate."

\$5 million in gypsum board production in Honduras (Source: laprensahn.com)

U.S. based Caspian will build a gypsum board factory in the country and distribute the product in Central America. The representatives of the company, Catamaount Group LLC, said it is very probable that the plant will be located in Choloma, which is near Puerto Cortes, facilitating the export of the product. An article in La Prensa of Honduras indicated that the plant is the first of its kind on the isthmus, and that the American investors also have an interest in sectors such as agribusiness and tourism. They have the support the specialist firm ReedSmith LLP.

Milk collection center closes in Honduras (Source: elheraldo.hn)

As of March 31, the Lácteos de Honduras Company will no longer receive milk in its collection center located on the northern coast of the country. The president of the Association

of Cattlemen of Atlántida, Luis Ramirez, told El Heraldo: "We are extremely concerned because Lacthosa is receiving between 15 and 20 thousand liters of milk daily. The loss of that market will put us in a bind because our main customers are Lacthosa and Leyde." **The Dutch Embassies of Central America together with SNV is elaborating a regional study regarding business opportunities for Dutch companies in the food processing sector with emphasis on tomatoes and dairy products. Study will be finished in May.**

Exports policies drop by 33% (Source: hondudiario.com)

The Executive Directorate of Revenue (DEI) reported a total of 40 thousand policies sold compared to 60 thousand during the same period last year. This decline represents a revenue loss of \$24 million for land customs in connection with the projected collection goal. The head of the Executive Directorate of Revenue (DEI), Armando Sarmiento, reports, "This represents a revenue loss of \$24 million for land customs (460 million Lempiras) in relation to the collection goal which is being revised now in accordance with the national reality. The DEI is collecting more than last year, but the growth levels are 6% rather than 17%."



Dominican Republic

High water consumption

The DR has a 2,378 cubic meter per capita demand for water per year, which classifies it as a country with high water consumption. But water supply does not meet the demand, and there are ongoing water-related tensions. Ministry of the Environment and the state organizations that deal with water warn that the country has relatively low water availability and a culture of high consumption and poor use, with losses in the order of 50% of the production of the supply systems of potable water that reflect an efficiency of irrigation of just 25%.



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; nleztgov@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