



Regional Newsflash November 2010 Edition 34

Embassies of the Kingdom of the Netherlands

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

The regional newsflash is a publication composed by the Embassies of the Kingdom of the Netherlands in Costa Rica, Guatemala, Nicaragua and Dominican Republic. The newsflash provides an update in terms of imperative economical developments, the most important tenders and a selection of other relevant business news that have to do with the region. This newsflash is shared with a distinctive group of Dutch businesses with special interests in the region or in a specific country. It consists of publicly available information from various sources such as news articles, press releases, and third party information. The Embassies of the Kingdom of the Netherlands in San José, Guatemala, Nicaragua and Dominican Republic are not responsible for the accuracy of the published information. If you do not want to receive the regional newsflash, or wish to add a person to the distribution list, or would like to send a response, please feel free to send an email to sanjose@trade-minbuza.nl. For Panama a separate newsletter is published.

Central American region



CA Achieves Preliminary Agreement on EU Quotas (Source: adn.es) The private sector, except for rice and tuna, reached a preliminary agreement for the distribution of export quotas to the European Union. Deputy Minister of Economy of El Salvador, Mario Roger Hernandez, told media that "the sugar, processed mushrooms, frozen and canned sweet corn, cassava starch, beef and plastic products industries are among those who already reached agreements." The tuna and rice sectors have not yet achieved an agreement but negotiations are expected to move the next few days.

First Round of FTA with Peru Completed (Source: laestrella.com.pa) On November 12th, in the Peruvian capital, the parties concluded the first round of negotiations for an FTA between Peru and the region. At this first meeting, considered a success, progress was made on items like Market Access for Goods, Rules of Origin, Customs Procedures and Customs Cooperation Sanitary and Health Measures, Technical Barriers for Trade, Commercial Defense, Competition Policy, Services, Investment, Intellectual Property, Public Purchases, Corporate Affairs and Conflict Resolution. Negotiations included Panama, El Salvador, Guatemala, Honduras, Costa Rica and Peru. The exchange of offers for goods and services is scheduled for January 10, 2011 and the second round of negotiations on the 17th of January in Panama City.

Mexico Includes Sugar and Banana in FTA with CA (Source: sigloxxi.com) Mexico could allow privileges to those products in connection with the unification of the FTA. In return, it requested access to CA of its dairy products, cars, avocado, steel and white corn.

Tourism Up 17% in First Half 2010 (Source: Agencia Centroamérica de Promoción Turística) From January to June 2010 a total of 4.556.526 tourists visited Central America, 651.682 more than the same period of 2009. Tourism has grown in Central America during the first six months of the year by 17% over the same period of 2009, according to preliminary data offered by the





various Ministries of Tourism in the region (Belize, Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua and Panama). From January to June 2010, 4.556.526 tourists visited the region, which amounts to more than 651,682 tourists in the same period of 2009, when it received a total of 3.904.844. The number of Europeans who have visited the seven countries in the region has also increased, CA had 5% more visitors from Europe, receiving a total of 386,198 compared to the 367,372 tourists received in 2009.

Central American Trade Statistics 2005-2010 (Source: Secretariat for Central American Economic Integration) Compendium updated on August 2010 with information on a monthly basis on imports and exports within and outside the region. The Central American Economic Integration Department (SIECA) reported publication of a statistical report with commercial and economic information to assist with analysis and decision making. The report "Monthly Trade Statistics 2005-2010" is a compendium fully updated to August of this year, containing information on imports and exports for a period of 68 months, divided into three main categories: total trade, trade within the Common Market and trade with the rest of the world. It allows assessing of trade trends before, during and after the international economic and financial crisis.



Central America falls in Ease of Doing Business (Source: International Finance Corporation) Position in 2010 Rankings: Panama 72 (62 in 2009), El Salvador 86 (80), Guatemala 101 (100), Nicaragua 117 (119), Costa Rica 125 (121), Honduras 131 (128). With the exception of Nicaragua, which rose two places, the Doing Business 2011 ranking shows that easiness of doing business in the Central American countries has deteriorated, at least in relation to other countries. The Doing Business project provides objective measures for business regulations and their application in 183 economies and selected cities at the sub-national level.

Electricity in Central America: 2009 Figures (Source: Economic Commission for Latin American and Caribbean) In 2009, 61% of all energy produced in the region came from renewable sources. ECLAC published its report on electricity consumption and production in Central America, including final statistics for 2009. In total, the region produced 39,535.1 GWh, of which 30,384 GWh were sold on the regulated market to 7.9 million customers reporting revenues of \$ 4,721 million. The consumption of electricity in Panama increased significantly (+9.8%) and showed an important increase in Nicaragua (+3.1%), while it fell in El Salvador (-4.3%), Honduras (-3.2%) and Costa Rica (-.9%). The production of energy through sugar mills increased 123% compared with 2008, reaching 214.2 GWh or 4.7% of total regional production. Honduras and Nicaragua loss rates remain high (22.3% and 26.1%), while the remaining countries recorded loss levels below 15%.



Vitogaz Acquires Chevron's CA Assets (Source: Yahoo! Finance) U.S. corporation Chevron agreed to sell its assets in Central America and the Antilles to Vitogaz (France). The sale includes a network of 174 Texaco service stations, a stake in a refinery, terminals and aviation facilities as well as Chevron's commercial operation in the region. The transaction, which amount was not disclosed, should be completed during the third quarter of 2011, after approval by local authorities. The operation includes Chevron assets in the Central American countries of Costa Rica, Nicaragua and Belize; and in the Caribbean countries of Antigua, Barbados, Grenada, Dominica, St. Lucia, St Vincent, Guyana, St. Kitts, French Guyana, Martinique, Guadeloupe and Trinidad.



Costa Rica



Clinica Biblica Invests \$ 15 Million in Costa Rica (Source: Nacion.com) The hospital, located in the Costa Rican capital, will invest in the construction of a new building. The seven-story building will house parking area for more than 1,000 vehicles in the last level and a heliport. Bernal Aragon, director of Clinica Biblica, said the project will start in January of next year. La Nacion writes on its website, "Clinica Biblica is not the only medical facility that is ready for an upgrade. Ricardo Cordero, business manager of CIMA Hospital, announced that his institution will build an education center and equip the third floor".

Rains Cause \$330 Million in Losses for Costa Rica (Source: Nacion.com) Recent rains have affected road infrastructure, housing and agriculture. Damage on roads left 177 km totally destroyed and 788 km requiring works, with \$ 252 million needed for repairs. To cover the costs in the housing sector, we will need \$ 50 million and the agricultural sector will require a total investment of \$ 30 million to cover the damage caused by tropical storm Tomas.

ICE to Buy Tractors for \$ 12.7 Million (Source: Mer-Link) The Instituto Costarricense de Electricidad invited bids for supplying 22 caterpillar tractors. The bid terms establishes requirements and specifications: (9) 180 HP tractors, (2) 240 HP tractors, (11) 310 hp tractors, Training for each of the models. Interested companies have until January 20th, 2011 to submit their proposals.

Biodiesel Company Acquires More Land in Costa Rica (Source: Marketwire, Inc) Alternative Fuels Americas announced the purchase of additional 200 ha in the province of Guanacaste. The company now has access to more than 5,000 hectares (12,000 acres) of land, with potential to produce more than 9.6 million gallons of biodiesel a year - expected to generate more than \$ 22 million in annual revenues, based on current oil prices. The land is located in Guanacaste and is part of the company's efforts to secure sufficient property to meet their requirements for raw material.



Shell Costa Rica Negotiates with Panamanian Group (Source: Nacion.com) Shell Oil is negotiating with Petr6leos Delta the sale of all its assets and operations in Costa Rica. The company confirmed the news to inquiries made by La Nacion of Costa Rica. "The transaction is part of Shell's global strategy to concentrate its business in supply, distribution, marketing and sales in a smaller number of markets, globally." Last year the company sold to Honduran Terra Group its assets and operations in Guatemala, Honduras and Nicaragua.

Industry Want Duty-free Potatoes (Source: Costa Rican Chamber of Food Industry) The Costa Rican Chamber of Food Industry claims the government is providing barriers to potato imports for industrial use. The Costa Rican Chamber of the Food Industry (CACIA) expressed strong displeasure once again, in the absence of a response by the government in connection with the application for the "shortage clause" which is used in case domestic production does not meet the requirements of internal demand. Marco Cercone, President of CACI says the shortage clause applies whenever an agricultural product does not meet the demand. This instrument has existed for several years and aims to provide transparency and agility to the processes of importing products, most of which are raw materials. That is why in a letter to the President, Laura Chinchilla, the Chamber sought prompt intervention because despite requests made to the Ministries of Agriculture, Foreign Trade and Economy no response has been received; even five weeks after the request, the MAG has not initiated any process, even though there is proof which demonstrates the shortage of this important commodity. "There is no well-founded reason why the industry should pay a 46% disproportionate fee for a raw material, especially in the absence of local production. This leads us to believe there is bad faith by the administration, which goes against competitiveness in Costa Rica affecting the food



industry and 4.5 million consumers whom will have to pay more for the food they buy, a situation in which the government has big responsibility," said Cercone. For this reason manufacturers will strongly request President Chinchilla to immediately publish the decree enabling the shortage clause for potato imports. Furthermore, they are asking President Chinchilla to act before the institutions mentioned before and proceed to remove the 46% tariff on industrial potatoes as a way to solve the problem long-term.

Devaluation Complicates Tourism in Costa Rica (Source: ticotimes.net) Two thirds of the country's tourism businesses have been negatively affected by the 15% increase in the value of the Colon. The tourism industry in Costa Rica, which represents 7% of the GDP, receives most of its revenue in Dollars and pays most expenses in Colones. This puts them as one of the sectors most affected by the sharp appreciation of the Colon. A year ago, if a tourist paid \$ 1,500 in a hotel for a stay, the establishment received C 862,500 Colones to cover their costs. That same tourist generates today C 757,500 Colones, a decrease of about \$ 200, explains in an article the Tico Times. Juan Carlos Ramos, president of the National Chamber of Tourism, said many hotels are in a precarious situation and may have to close their doors if the situation does not improve.



Concession for Highway Construction (Source: GuateCompras.gob.gt) The ministry of public works will contract a feasibility study to determine how to give in concession roadworks between Puerto Quetzal and Escuintla. To allow the Puerto Quetzal - Escuintla road reach highway status and provide the infrastructure and facilities for users to travel safely, the Ministry is considering awarding a concession through tolls. For this purpose it is putting out to tender a "Pre-investment feasibility study to award concession of modernization of the Escuintla - Puerto Quetzal project segment (CA-09 South A)." Participating companies must produce the following sub-studies: Traffic Engineering, Technical, Engineering, Environmental Impact Assessment, Legal and Feasibility Study and Financial Analysis.

Guatemala presents 2011 Trade Agenda (Source: prensalibre.com) Priorities include the ratification of the agreement with the EU, negotiations with Peru and homologation of the text of the treaty with Mexico. The finance ministry presented the agenda's to the National Council for the Promotion of Exports (CONAPEX). The agenda also includes negotiations of a partial agreement with Ecuador as well as negotiations with Korea. Erick Coyoy, Minister of Economy and Chairman of CONAPEX, told Prensalibre.com, "We will also seek to review the FTA with the United States."

Armored Vehicles in Guatemalan Elections (Source: elperiodico.com.gt) It is expected the 2011 elections to be the most violent in years, leading to increased demand for security products. Armored vehicle companies report increases of up to 70% compared to last year. The service is demanded by businessmen and also by leaders of political parties, who require high-level armor capable of withstanding assault rifles. The country's insecurity is forcing about 600 vehicles a year to be shielded, the Guatemalan state being a major customer, just the Ministry of Interior has requested 67 contracts with two companies for a total of \$ 948,000. The article also indicates that rental business for armored vehicles has grown 50% compared with 2009.

Guatemala To Hire Banknote Printing (Source: prensalibre.com) The bidding process will contract printing services for 250 million polymer banknotes with a 5 quintales denomination. Edgar Barquin, president of Bank of Guatemala, said the new bills would circulate in the second half of 2011. The executive told Prensa Libre that "the purpose of printing on this material is to have more durability and security."

Guatemala Contracts Digitizing Services (Source: GuateCompras.gob.gt) The Social Security Institute has invited companies to bid for providing document digitizing services. These documents include those from the Department of Disability, Aging and Survival, and the Deputy Manager of



financial benefits at the Social Security Institute. The estimated quantity to scan is 5 million pages and the date for submission of offers is January 7th, 2011.

Guatemala Plans Train to Antigua (Source: prensalibre.com) The Government is working to put out to tender the construction of a railway connecting the capital with the city of Antigua. With an estimated investment of \$50 to \$60 million, the train would connect Aurora International Airport with the city of Antigua in 12 minutes, covering about 22 linear km. Vice President Rafael Espada said that they are in talks with the private sector for implementation.

Guatemala: Air Cargo Up 6% (Source: prensalibre.com) As of October 24.2 million kilograms of general cargo and courier for exports have been transported. In the same period of 2009 a total of 20.6 million kilograms were moved, according to the Exports and Imports Committee (Combex Im). This classification includes all types of cargo, including raw materials, assembly and industry, which highlights the export of clothing which by October had transported more than 4.2 million kilograms, followed by food, cosmetics and crafts.

Nicaragua



\$ 190 Million for Geothermal Power Plant in Nicaragua (Source: International Finance Corporation)



The IFC will provide \$ 50 million and mobilize an additional \$ 140 million to support the construction of a new geothermal power plant. This plant is the largest project in Nicaragua in over 25 years in this sector. This initiative will foster the generation of renewable energy, expand electrification and help reduce the country's dependence on imported fuels. The funds will be invested in Polaris Energy Nicaragua SA, a company responsible for building the 72-megawatt power plant in San Jacinto, northwestern Nicaragua. This is the first time that IFC invests in a project which combines exploration of geothermal

resources for power generation. Central San Jacinto is expected to cost nearly \$ 370 million; it will cover almost 20% of Nicaragua's energy needs and support the government's strategy of creating renewable energy sources in the country. Currently, 70% of Nicaragua's energy is generated from fossil fuels, which are expensive and pollute the environment. The new plant will decrease to 50% the country's dependence on power generation from imported fuels, cut high energy costs and encourage the expansion of electrification. Hezy Ram, President of Ram Power Corporation, which will develop and operate the project, said the investment "represents another milestone in the goal of Ram Power to provide clean geothermal energy to Nicaragua." "The proposed San Jacinto project is the first IFC investment in a geothermal energy project including exploration and exploitation of the resource and strengthens our strategy of sustainable regional development," said Bernie Sheahan, Director of IFC Infrastructure Department for Latin America. "The success of this project is extremely important for Central America, since the region could increase renewable energy generation significantly from the development of geothermal resources, which are cleaner and less expensive than existing alternatives." Geothermal energy is one of the few sources of renewable energy capable of providing continuous and reliable basis at competitive costs. As such, geothermal energy has the potential to play an important role in many regions of the world searching for cleaner and sustainable energy. Geothermal resources are abundant in Central America and could satisfy a large percentage of the needs of the region's electricity.



El Salvador



Salvadoran Exports Grow 16% (Source: elsalvador.com) Exports from January to October totaled \$ 3,736 million, 16.1% more than the same period in 2009. Sales of non-traditional products increased 20%; exports of shrimp grew 190% and sugar sales were up 23.6%. The traditional products were down 6.7%, mainly due to falling sales of coffee. \$1.8 billion were shipped to the United States, representing an increment of 21.1%, while Central American exports reported an increase of 13.7%, totaling \$ 1.3 billion. The countries listed before represent 84% of all Salvadoran exports.

El Salvador Negotiates Fighter Jets (Source: elsalvador.com) The Government is negotiating with Brazilian manufacturer Embraer a \$ 100 million aircraft purchase. While there is no exact number, an estimated 10 EMB-314 Super Tucano would be purchased. Walter Guzman, president of the Legislative Defense Committee, stated "It is a fact that we are going to purchase." The aircrafts could be used, among other safety tasks, to combat drug trafficking.

El Salvador Looks to Establish Relations with China (Source: elnuevoherald.com) The salvadoran president, Mauricio Funes, announced his Government is considering the benefits of establishing relations. The president's statements were in connection with the inauguration of the first China Trade Fair in El Salvador. "There is a decision to make and we are exploring what is best for the country." The country currently has diplomatic relations with Taiwan, one of the nations which provides more assistance.

BFA Puts Banking System Out to Tender (Source: CentralAmericaData.COM) The "Banco de Fomento Agropecuario" is inviting bids for supplying an integrated platform to automate its operations (Core Banking). The bank has a portfolio of 100.000 customers processing about 13.500 daily transactions and seeks to implement an integrated IT platform to help manage, record and control the operating revenue and expenses regarding to:

- Deposits
- Allocations
- Accounting records
- Budgets
- Credit management
- Administration and cash control
- Administration and effective control of warranties and guarantees
- Recording and control of customer relationship
- Accounting profiles
- International operations control
- Security Control
- Cashiers and platforms
- Collections management

Additionally, the institution seeks to have technology to position itself in the financial system by offering new services, electronic banking, telephone banking, automated transactions, ATM's and point of sale (POS), and also have the ability to manage in an efficient, timely, reliable and comprehensive way the information required by the various regulators and auditors. Interested companies have until January 24th to submit their proposals.



100% Concession for La Union Port (Source: elmundo.com.sv)

It was determined that the best option for the port terminal is to have 100% private administration. This was revealed by the report issued by the International Finance Corporation (IFC), according to the Executive Port Commission (CEPA) in El Salvador. The option is called master concession, which means that a company will manage the terminal, but it still belongs to the state according to Enrique Córdova, president of Cepa. The

master concession for infrastructure is granted to an international operating entity responsible for managing it entirely, for the period of time stated in the contract.



Rijksoverheid



\$ 209 Million for Cerro de Hula Wind Project (Source: Central American Bank for Economic Integration) The BCIE and the EX-IM Bank signed a loan in favor of Energía Eólica de Honduras. The resources will be invested in the Cerro de Hula Wind Project, which will generate 102 MW and is located in the Department of Francisco Morazan, Honduras. The project developer will be EEHSA, a subsidiary of Mesoamerica, SA (ERM). Globeleq Generation Limited (Globeleq), majority owner of ERM, is a company with experience in operation of energy projects, working actively in developing solutions for emerging markets in Africa, America and Asia. The company invests in sustainable projects which supports continued development of the power sector in these regions.

Record Coffee Harvest in Honduras (Source: laprensa.hn) It hopes to collect 5 million quintals, at a time when the price of coffee futures is above \$ 200. The recovery of road infrastructure in bean producing regions will be vital to the success of the harvest, the volume positions Honduras as the largest Central American producer and third in America. At the opening of 43rd Coffee Congress taking place in San Pedro Sula, Asterio Reyes, president of the Honduran Coffee Institute, IHCAFE said that Honduras, "according to statistics from the International Coffee Organization, is the only country which has always had rise in production, unlike other countries like Colombia, which has cut its production by around five or six million bags, Vietnam and others." This historic volume for coffee harvest has great impact not only on foreign currency market, which will be close to \$ 1,000 million, but by the number of jobs created during collection, which should alleviate some of the high unemployment.



No news

Trade Events

No events

More information



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 (Carel Richter or Hans Buhrs).

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

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

For more information about Nicaragua you can contact the commercial department of the Dutch Embassy in Managua by email mng@minbuza.nl 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