

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



Agreement concerning co-operation in suppressing illicit maritime and air trafficking in narcotic drugs and psychotropic substances in the Caribbean area

The Kingdom of the Netherlands handed over the agreement of accession to the Convention on Cooperation in Suppressing Illicit Maritime and Air Illicit Drugs and Psychotropic Substances in the Caribbean area, which brings together efforts of seven nations of Central America, Caribbean, North America and Europe to tackle the growing threat of drug trafficking and organized crime. The deposit of the Convention was made by the Ambassador of the Kingdom of the

Netherlands, Matthijs van Bonzel, to Foreign Minister Rene Castro Salazar, Costa Rica being the depositary.

Costa Rica and the Kingdom of the Netherlands were co-sponsors in the process of adoption of this international legal instrument and now have played a leading role in the promotion and entry into force of the Convention. The seven countries that are Parties to the Convention are: Belize, United States, French Republic, Guatemala, Dominican Republic, Costa Rica and the Kingdom of the Netherlands. Chancellor Castro stressed that "the Convention participation will allow us to exercise sovereignty in the Caribbean Costa Rican style: in association, in trust with the civilized nations of the world which allowed us to be pioneers and leaders point out that you do not need the army to exercise its sovereignty, but it is necessary to ally with the civilized nations of the world that help us jointly and share the care responsibilities and stewardship of our sovereignty." The agreement in the Caribbean, extends the efforts that began more than ten years with the United States through joint patrols against drug mafias. The Ambassador of the Kingdom of the Netherlands, said it was a "special day to formalize cooperation in combating the drug trade between two countries, which initiated the Convention gradually States receives more support from around the Caribbean, France, United States and other countries."

Economic recovery in exports in Central America (Source: <http://finance.einnews.com>)

According to the Central American Integration System (SICA for its acronym in Spanish), the Central American economies have left the crisis behind and have begun to recover. After 18 months of instability, the clearest sign of recovery is the growth of exports that, excluding apparel manufacturers, reached US\$5,923.5 million during the first quarter of 2010, with an average monthly growth rate of 8.6 percent. The report (excluding Panama and Belize) noted that Nicaragua recorded an export growth of 32 percent, Costa Rica, El Salvador and Guatemala between 15 and 18 percent, and Honduras a modest 0.4 percent. The increase in exports is attributed, in part, to increased U.S. demand for imported goods from the isthmus. The report, measuring exports from January to March, also revealed the importance of exports of agricultural products such as coffee, bananas, sugar, dates and palm oil, but also medicines, electronics and processed foods, among others.

Mexico and Central America agree on talks for a single free trade agreement (Source:

Associated Press) Mexico and the nations of Central America agreed on a second round of talks with a view to forming a single free-trade agreement. Negotiators from the countries involved met in San Salvador. The aim is to achieve convergence within a single trade accord. Negotiations are expected to conclude in 2012.

Panama and Costa Rica will negotiate FTA with South Korea (Source: Nacion.com)

The president of South Korea expressed his intention of negotiating a Free Trade Agreement with the Costa Rica - Panama block. This announcement was made by Costa Rican president Laura Chinchilla, after holding a meeting with Lee Myung-bak, president of South Korea. The president explained her Asian counterpart that in other occasions, the country started FTA negotiation processes to which other nations joined later". Despite Chinchilla's posture of not negotiating more FTAs this year, René Castro, Costa Rican chancellor, stated that "the FTA with Korea goes ... this is an important commercial partner who wants to invest".

Duke Energy evaluates its Central American assets (Source: elsalvador.com)

The company is considering whether to monetize its Central American investments. In a recent conference call Keith Trent, president of the company's Commercial Businesses organization, was asked about which assets might be monetized and where. He responded that the company, "looks at the returns on assets and opportunities for reinvestment". Currently the company has two thermal energy plants in El Salvador and three in Guatemala.

Mining in Central America (Source: reuters.com)

El Salvador and Costa Rica say NO. Panama and Nicaragua say YES. Guatemala and Honduras are expected to decide soon. Gold and copper prices are on the rise, and investors are eager to put money in extraction projects all over Central America. But the governments of Central America have different opinions over this industry. While these projects are welcomed and authorized in Panama and Nicaragua, informal and formal moratoriums to the activity are being decreed in Costa Rica and El Salvador, stopping mining concessions under pressure from environmentalist groups. Meanwhile, in Guatemala and Honduras new projects are awaiting rules and regulations that will likely toughen environmental regulations for the mining industry. Additionally, foreign investors demand higher returns on investment for Central American ventures, due to the generalized perception of institutional instability in the region.

Colombia's top bank joins charge to open in region (Source: Dow Jones)

Colombia's largest bank Bancolombia is planning to open a local bank in Panama, to take advantage of the rising demand for credit to finance infrastructure projects there. The Colombian bank is currently operating an offshore bank in Panama which offers services for foreigners, and it asked the Panamanian authorities for a license to operate a local bank. Colombian banks are setting eyes on Central America for growth. Last month, Grupo Aval, the Colombian largest financial group, bought the Central American bank BAC-Credomatic for \$1.9 billion; and Banco Davivienda, Colombia's third-largest bank, said it is looking for acquisition targets in Central America.

GE sells BAC-Credomatic in Central America to Grupo Aval (Source: GE Capital Global Banking)

GE Capital Global Banking announced today that it has reached a definitive agreement to sell BAC Credomatic to Grupo Aval, Colombia's largest banking holding group, for \$1.9 billion. The transaction is subject to certain regulatory approvals and other customary conditions, and the parties anticipate closing by the end of 2010. Founded in 1952, BAC International Bank has operations in Costa Rica,

El Salvador, Guatemala, Honduras, Nicaragua, Panama and Mexico, with approximately \$5.1 billion in loan assets, and \$5.5 billion in deposits. GE was advised in the transaction by Credit Suisse, and Latham & Watkins served as external counsel. This purchase would represent the entry of Aval Group into the wider Central American market. It is currently only present in Panama through subsidiaries of two Colombian banks, Corficolombiana and Banco de Bogotá.

Central America agrees purchase of medicines (Source: laprensagrafica.com) Together with the Dominican Republic, the region has concluded the joint purchase of 15 medicines worth \$60 million. The purchase was negotiated with 22 pharmaceutical companies that presented 82 offers and equates to savings of \$22 million. The communication from the council of health ministries that represented the region added that, "the 15 medicines will be purchased by the health and social security systems of these eight countries in 2011".



Wal-Mart plans 300 stores in Central America and Mexico (Source: terra.com) The company expects the region to add 33 million consumers between 2000 and 2025. Scot Rank, CEO of Wal-Mart Mexico, explained they have detected 300 cities in Mexico and Central America

where they don't have stores but plan to expand to. Rank also valued Central America's retail market at \$44 billion, and Mexico's at \$197 billion. He added that in 2010 they plan to increase their retail surface in 3.5% in Central America and 11% in Mexico.

\$27 million for environmental responsibility projects (Source: laprensagrafica.com) The Multi-sector Investment Bank (BMI) launched the 5th edition of its "Renewable Company" program. Developed in alliance with the Government of Germany, BMI's program is intended for companies that want to reconvert themselves and improve their productive processes by using environmentally friendly resources. The program will provide \$27 million in financing plus technical assistance for determining the potential benefits of each project.



Study shows that conservation has many benefits (Source: Nacion.com) The conservation of natural resources development strategy is generating significant benefits for the country. This follows from analysis of the contribution of national parks and biological reserves the economic and social welfare of Costa Rica. Only in 2009 protected areas generated Usd. 1.540 million, according to a study by the International Centre for Economic Policy for Sustainable Development of the National University (CINP-UNA). It is shown that these areas not only provide ecological services, but also economic and social. This is reflected in two main activities: tourism, with Usd. 1.079 million (70.18% of inputs), and hydroelectric generation, with Usd. 406 million (26.38%). Guiselle Mendez, director of the Conservation Areas System (SINAC), stated that the country has 169 protected areas of which 28 correspond to national parks. This is equivalent to having 26% of national territory under some form of management. To perform the study, Sinac had the support of Fundecooperacion thru the South-South Cooperation Programme, thanks to funding from the **Kingdom of the Netherlands**.

\$4 billion in projects tempt majors in Costa Rica power (Source: La República) The doors have yet to be opened by Costa Rica's energy market, but companies from three countries are already showing interest in taking part. State companies from Norway and Brazil, as well as state and private Chinese companies, are interested in three major hydroelectric schemes that require total investment of \$4 billion. Meanwhile, President Laura Chinchilla has sent legislators her proposal to open the nation's energy market. **Coming September 2-10 a Dutch trade mission on renewable energy and energy efficiency is scheduled to Panama, Costa Rica and Colombia. As a result of preparatory market surveys in 2009, many business opportunities were identified in biomass / biofuels, waste 2 energy, solar and wind energy as well as energy efficiency. Private and public sector organizations can also participate in development cooperation projects or invest in hydropower or biofuels. For more information contact: Ir. A.T. (Bert) Keesman by e-mail: keesman@metasus.nl or via www.metasus.nl**

Medical tourism is growing by 20 percent a year on average in Costa Rica (Source: La República) Medical tourism is gaining ground in Costa Rica. Some 5,000 more medical tourists were treated last year than there were in 2008. One of the companies that has welcomed the trend is Dental Cosmetics Costa Rica. For the last two years, about 80 percent of its patients are foreigners. Medical tourism is a very good business for Costa Rica. Most vacationers spend on average \$1,600 for a visit in Costa Rica. The average for medical tourists, however is \$6,500 to \$7,000 each.

Costa Rica: Phase II of Public Purchases System in August (Source: Nacion.com) The second phase of the public purchases system known as “Mer-link” will go live on August 15. Alicia Avendaño, head of the Technical Secretary of the Digital Government Unit, remarked that 14 state institutions will join the program starting on this date, and that their suppliers will be able to negotiate goods and services on-line. “The second phase of Mer-link aims to do everything online: bidding rules, bids, awards, contracts and payments”.

Costa Rican Imports: What, Who and How Much (Source: prensalibre.co.cr) The website of the Treasury Ministry now provides easy accessible data on the imports done by companies. Users may now query the Customs Information Technology System (TICA) through the web address <http://www.hacienda.go.cr/tica/Consultas/>. This system was conceived to modernize the operation of the country's customs. The system makes use of the data to cut red tape, strengthen controls, increase transparency and eliminate the use of paper, as most procedures can now be done on-line.

ICE opens up its telecommunications network (Source: elfinancierocr.com) Costa Rica's state-owned electricity and telecommunications provider has interfaced its network with Ticom and CallMyWay, two telecom companies offering VOIP services. The two companies are the first to be interfaced after presenting their requests to the Costa Rica's Telecommunications Regulator (SUTEL). ICE stated that, “the linking of the networks has been carried out under protest in order to comply with the SUTEL instruction. ICE considers that the regulator has resorted to procedural illegalities in order to force the interfacing of these two companies”.

Costa Rica may export larger sized ornamental plants (Source: elfinancierocr.com) Costa Rica and the U.S. will sign a work plan document to enable the export of large-sized ornamental plants. It includes topics such as good plant health practices, production locations, harvesting procedures, packaging plants, and phytosanitary certifications for exporting, among others. Costa Rica sells \$165 million a year in ornamental plants. The most sold is the Dracaena variety, which accounts for \$30 million. Over 40 exporting companies participate in this industry, which involves 500 small and medium growers, including many Dutch growers.

Liberia airport project paralyzed (Source: Nacion.com) Costa Rican government is undecided as to whether to continue with the current expansion project or to construct an entirely new terminal. In October 2008 the government of Oscar Arias awarded the airport expansion project to the Coriport consortium. In May this year the same government approved a plan to build a new terminal located to the west of the existing one. While the civil aviation authorities make up their minds further delays will be added to the construction, which is already three months behind schedule. Carlos Arrea, legal advisor to the Coriport consortium, indicated to the paper that no indication has been received from the government as to which works to carry out.

Tenders invited for \$120 million hospital development (Source: elfinancierocr.com) Bidding documents have been published for the new East Tower of the Calderón Guardia hospital. Costa Rica's social security agency (CSS) has published details of a project to consult, build, equip and maintain the new wing of the hospital. Danilo Monge, Special Projects Director for the CSS stated that the East Tower will contain 23,000 square meters of floor space to be built in three stages and is expected to be ready by 2016. **Plenty of opportunities for Dutch medical equipment and energy efficiency suppliers. Companies interested can contact the Dutch Embassy in Costa Rica for copy of bid documents.**

Feasibility Studies required for Oil Refinery Expansion (Source: prensalibre.co.cr) The Costa Rican state-owned oil refinery (Recope) invites bids to analyze the feasibility of expanding the Moin refinery. Recope's president indicated that the invitation to carry out the \$5 million study was sent to

several companies that were pre-selected for their technical capability. Owing to the need to follow due process the names of the companies is as yet unknown.

Studies underway for Transfer Terminal in Port Moín (Source: DredgingToday.com) Americas Gateway Development Corporation (Amega) will conduct feasibility studies for a new container transfer terminal in the Costa Rican port. Ignacio Gallegos, company representative, stated that they will start the studies shortly, and will determine if the project is legally, technically, environmentally and financially feasible. Once the studies are completed, the National Concessions Committee (CNC) will conduct a public bidding process to choose a concessionaire for the terminal. Amega will participate in said contest, and if it does not get the project, it will be refunded with the costs of the study, explained Gallegos.

Business opportunities in compulsory waste disposal (Source: elfinancierocr.com) Costa Rica's upcoming law for Solid Waste Management introduces obligations for individuals and organizations; these open a whole new array of business opportunities. The law, which comes into effect soon, will force companies to review, and potentially reorganize its productive processes, by quantifying and analyzing the waste they cause. Some of the actions undertaken by companies, such as Kimberly Clark, that owns a paper recycling plant which processes its own waste and paper from other companies.

5 basic steps are suggested to manage waste:

1. Create inventories: each process must indicate what types of waste it generates.
2. Reduce: clean production means looking for ways to reduce the amount of waste generated.
3. Classify: waste must be classified on how it must be managed.
4. Recycle: according to the classification, waste might be recycled or reused in other processes.
5. Disposal: if waste can't be recycled or reused, it must be adequately disposed in other ways.



Guatemala could land \$2 Billion in energy investment (Source: prensalibre.com) Juan Carlos Piaiz, Guatemala coordinator of investment and Competitiveness, estimated there are \$2 billion in energy investment for the next three years. He added that \$2.5 billion could be in the project pipeline, such as Jaguar Energy's \$700 million plant, and three hydro power plants for over \$500 million. Piaiz remarked that the energy sector will be one of the most dynamic for attracting investment in Guatemala in the next years.

Guatemala looks to invite demand for 800 megawatts of electricity generation (Source: Prensa Libre) Guatemala's national electricity commission, the CNEE aims to award contracts from 10 to 15 years. The contracts are to meet demand from users of the state electricity company, EEGSA, and one of the distributors, Spain's Unión Fenosa. Offers for the contracts are to be presented March 25 next year. Of the 800 megawatts in the contracts, at least 480 megawatts if to be provided by generating plans using renewable resources.

Damages due to tropical storm Agatha As a consequence of the floods and landslides caused by the tropical storm Agatha on the 29th and 30th of May, the agricultural sector has suffered losses of at least GTQ 300 million. According to the Ministry of Agriculture 200 of the 333 boroughs in Guatemala suffered damages and loss. The most affected crops were corn, beans, potato, carrot, coffee, banana, flowers, mini-vegetables, tomato, red pepper, onion and cucumber. Héctor Fajardo, Vice-president of the Chamber of Central American Distributors, explained that due to the landslides truck traffic has been suspended and has caused losses of GTQ 10 million. The private sector and the government are setting up a reconstruction plan to recover economic losses.

Reservations cancelled due to weather conditions Tourists from Europe, United States and Central America have been cancelling their vacations to Guatemala in June, July and even August, due to the eruption of Pacaya volcano and tropical storm Agatha. According to Leonel Azurdia, Director of the tour operator Guatemala Alternativa, this is because the foreign press is transmitting

information about several isolated regions of Guatemala. Although there are damages on numerous roads, areas like Mundo Maya, Antigua Guatemala and the pacific beaches of Puerto San José are accessible.

Exports increase 18% Up to March 2010, exports amounted to a total of USD 2,170.40 million, 18% higher than the same period in 2009. According to the Bank of Guatemala, this is due to an increase in the sales of banana, sugar, coffee and cardemon which had an increase of 28.4% compared to the first trimester of 2009. In spite of this increase, a decrease is expected in the second semester of 2010 due to the European crisis. Imports also increased from USD 2,631.80 million in March 2009 to USD 3,055.20 million in March this year.

Return of capital after crisis Guatemala experienced between January 1st and June 3rd of the present year, an increase of 16.9% in the dollar accounts (savings, monetary and fixed-term) compared with 1.9% in the quetzals accounts. This is due to various reasons: financial crisis in Europe; banking risks in the United States; interest rates in Guatemala are more favourable; and, loans from foreign banks to Guatemalan companies. Since the return of this capital there is little demand of national loans.



Nicaragua's Economy with good expectations for 2010 (Source: <http://www.einnews.com>) The accumulated Foreign Direct Investment (FDI) inflows in Nicaragua for 2007 and 2008 exceeded US\$1 billion, which is more than the total flows received in the previous four-year period from 2003 to 2006. In 2008 alone, FDI increased 64 percent, reaching a historical record of US\$626.1 million. FDI Inflows in 2009 fell 31 percent to US\$434 million due to international financial crisis, while the rest of the region averaged a 33 percent drop. However, according to a 2010 study conducted by the Latin Business Chronicle, Nicaragua remains the third leading nation in Latin America when measuring FDI as a percent of each country's GDP for the second consecutive year. Nicaragua's Gross Domestic Product (GDP) in 2009 decreased 1.5 percent in comparison to 2008, according to the International Monetary Fund (IMF). However, when compared to countries such as Chile (-1.5), Honduras (-1.9), the U.S. (-2.4) and El Salvador (-3.5), it can be concluded that the economic crisis had a smaller impact on Nicaragua. Also, Nicaragua exports have experienced an upward trend in recent years, with a compound annual growth rate of 17 percent between 2004 and 2008. Once again, as a consequence of the financial crisis in 2009, exports took a slight negative turn with a decrease of 6 percent when comparing to 2008, but was the least affected country in the Central American region. The positive results in Nicaragua's economic behavior during the last five years have granted the country international recognition regarding it as an ideal destination for foreign investment. The 2009 Latin America Globalization Index published by the Latin Business Chronicle, ranked Nicaragua as the third most globalized country among the 18 Latin American countries. Risk Briefing Services, part of the Economist Intelligence Unit (EIU), confirms that Nicaragua is one of the safest countries in the western hemisphere. The World Bank's annual Doing Business ranked Nicaragua as the fastest country in Central America in which to start a business and as the country in Central America that best protect its investors.

Nicaraguan mega port attracts Mexican investors (Source: www.e-mid.com.mx) Mexican entrepreneurs exploring investment opportunities in Nicaragua showed interest in building an "ecological city" and a mega project in the Port of Monkey Point, on the Nicaraguan Caribbean coast. The president of Multi Servicios Saudi Mexicana, Noel Gomez, said that leaders of 17 companies from different areas make "an exploratory mission" in Nicaragua to meet development priorities and "make decisions." The mega-project construction of a deepwater port at Monkey Point in the southern Caribbean is estimated at about \$450 million dollars. Currently, Nicaragua has the port of Corinto on the Pacific coast. This would be the second big project in a small area, located within a few hundred kilometers of a \$1 billion expansion of Costa Rica's Moín port, construction of which is expected to start next year. **Plenty of opportunities for Dutch engineering consultants, engineering companies, construction companies and equipment suppliers.**

The Mexican companies interested include the areas of transport, housing construction, production of fertilizers, green home building materials, painting, concrete ended, real estate construction; oil, mining and jewelry. Executives represent Trasnberra, Beas, Grupo Industrial Berra, Agregen Grupo Internacional Farmatecsa, Ecologico de Mexico, Pinturas de Alto Rendimiento, Ecoconcreto and Hidroconcreto, CAD and Associates, GH Investments, Multi services Saudi Mexicana, Adrian Karam and Rous.

10-Years tax breaks for hotels (Source: Hosteltur.com) The government is looking for Spanish hotel groups to invest in the country, offering them almost 100% tax exemptions for 10 years. These benefits could be extended if the company invests, in the 10 year period, at least 35% of the original sum. Nicaragua wants to enlarge its hospitality offering, currently 7.800 at hotel rooms, to compete with its neighbors. Costa Rica, for example, has 38,000. In 2009 the number of tourists fell in all Central America with the exception of Nicaragua, that received 8% more visitors than in 2008. Another initiative being discussed by the government and investment promotion agency ProNicaragua is the development of a state-owned hotel network, similar to Spain's "Paradores".

Santa Fe bridge goes out to tender on October (Source: laprensa.com.ni) Japan disbursed an initial \$5 million out of a total \$30, to build a bridge called 'Santa Fe', that will link Nicaragua and Costa Rica. Pablo Fernando Martínez, head of the Foreign Relations Minister (Minrex), explained that construction will begin on early 2011 and should be completed by 2013. Martinez stated that the project comprises building a 260 meter bridge, 17 meters high, to allow vessels to pass under it. Currently, the only road link connecting Nicaragua with Costa Rica is the Pan-American Highway, which crosses through Peñas Blancas.

Livestock sector exports Increase 30% (Source: elnuevodiario.com.ni) In the first six months of the year foreign sales of meat, dairy products and livestock from Nicaragua reached \$234.5 million. In the same period of 2009, sales totaled \$182,614. Ronald Blandón, CEO of Nicaraguan cattle farming association, CONAGAN, stated that, "2010 looks like being a year of growth for our sector. The outlook for all livestock products is positive with growth of 8% forecast". The main destination of Nicaragua's livestock exports is the USA with 33%, followed by El Salvador with 28% and Venezuela with 25%.



Accedo Technologies inaugurates its offices Accedo Technologies and 24/7 Customer Nicaragua inaugurated its technological park on July 13th located in the Masaya Highway. Accedo Technologies, an infrastructure provider and bilingual business process outsourcer that represents an investment to date of U\$12 million, has established a strategic alliance with 24/7 Customer. Once the park is fully constructed, 2,500 job opportunities will have been generated for young people that wish to work make a career in a motivational and cultural environment. Alejandro Graham, one of the founders and CEO of Accedo Technologies, and Kapil Rajvansh, Vice-President of 24/7 Customer Latin America, presided the inauguration of the offices. During the event, 26 employees received their diplomas for concluding their training program. This inauguration represents an advance in the development of the country's business process outsourcing sector and the export of knowledge, thus allowing the creation of highly competitive and value-added jobs.



El Salvador spends over \$2 billion per year on security (Source: elsalvador.com) The statistic includes public and private spending and represents 10.8% of the country's GDP. Jorge Daboub, president of the El Salvador Chamber of Commerce and Industry, indicated that in the case of private companies the annual cost of security is more than \$640 million. In his speech to the conference "Promote your country 2010", organised by the Salvadoran Foundation for Economic and Social Development (FUSADES) he added that, "it is a high cost that affects the competetiveness of Salvadoran businesses and scares off investors". Daboub went on to say that Salvadoran business are less competetive because they spend more on private security than others in Central America. In

today's global marketplace a 3% of 5% difference in the cost of a product is enough to make it difficult to compete.

El Salvador in need of Energy Investment (Source: elsalvador.com) The country requires an annual investment of \$75 million to be able to cope with growing energy demand. Currently, El Salvador's power grid is capable of outputting 1.300 MW, and in peak hours, demand reaches 950MW. This leaves a reserve of 350MW, explained Alberto Triulzi, president of Nejapa Power. "According to unofficial estimates, energy consumption grows 5% each year, which translates to 50MW per year". Triulzi added: "even though we have a 35%-40% margin, we must not wait until it reaches zero to invest".

Grupo AES invests \$43 million (Source: elsalvador.com) AES will develop the country's first methane gas power plant. Works started last month and operations should start early 2011. Luis Pérez, manager of the project AES Nejapa, told that this is a modest plant, which will initially generate 6MW, but has enough technical capacity to eventually output 24MW. AES expects to increase the plant's production in two MW every two or three years, depending on how much solid waste is accumulated in the landfill.

Study will measure solar energy potential in El Salvador (Source: laprensagrafica.com) Spanish corporation Solar Millennium will conduct a study to assess the potential and possibilities for solar energy generation in the country. CEL, the nation's energy company, signed an agreement with Solar Millennium to share knowledge and technology for generating solar energy. "Hugo Martínez, Salvadoran chancellor, had previously commented the possibility of working with this company, who has experience with solar power in other markets. In its plan to foster renewable energy production, the National Energy Council (CNE) plans to install the country's first solar power plant in 2016. Luis Reyes, CNE's executive secretary, remarked that they intend to install a concentrated thermal solar energy, which differs from the technology known as photovoltaic panels. However, the project's main limitation is its high cost. According to estimates, each MW produced will cost an average \$5.5 million, while hydroelectric power plants such as 'El Chaparral' produce the same for \$3.3 million.

\$25 Million investment in cogeneration power plant (Source: elsalvador.com) The El Ángel sugar mill has invested \$25 million to expand its cogeneration power capacity. Cogeneration is the simultaneous production of electricity and heat energy from a primary energy source. In this case the source is the burning of sugar cane waste, which is converted into heat and then power. Juan Wright, president of El Ángel, stated that, "We are now attempting to implement the third stage of cogeneration, lasting approximately two years, with the aim of beginning production in the cane-cutting season of 2011-12.



First contracts for Port of La Unión in El Salvador (Source: elmundo.com.sv) The shipping companies CMA/CGM and China Shipping are the first to make their operations in the Port of La Unión official. They will dock at the Salvadorean port once a week, reported the country's state-owned ports authority (CEPA). CMA/CGM, the third-largest container shipping company, made an agreement with China Shipping, one of the largest Chinese transport companies, to operate at this port, located in the Gulf of Fonseca.

The potential of Salvadoran agriculture (Source: laprensagrafica.com) Taking Chile as an example, Salvadoran agriculture must modernize and work with a business mindset, investing in technology and innovation. Mario Salaverría, president of the Sugar Association, commented that the sector needs to eradicate plagues and diseases, to avoid being held back by international food safety barriers. He highlighted the country's successful program to eradicate classic pork fever, which required several million dollars but allowed El Salvador to export beef and pork to anywhere in the world. Among other topics, he believes that the country needs to increase irrigation systems, use biotechnology to increase productivity and add value to its production through industrialization processes.

Grupo Roble inaugurates tallest residential tower in El Salvador (Source: elsalvador.com) The real estate conglomerate opened a 25-storey, 110-meter tower called “El Pedregal”. It is located next to Multiplaza mall, and features 87 apartments, two penthouses and two parking levels. “The building is part of the Multiplaza complex, which includes a business zone, a corporate center with three business buildings, two apartment towers and a hotel”. Opportunity for Dutch companies to offer new technology regarding energy efficiency offered by companies such as Thermaflex.

Salvadoran developers look abroad for loans (Source: laprensagrafica.com) Faced with restrictions on local credit availability, 10 projects are looking to foreign banks for finance. Mario Rivera, president of the Salvadoran Construction Chamber (Casalco), commented that it is not yet possible to access credits from the guarantee fund set up through a trust by the Multisectorial Bank of Investments (BMI). In Laprensagrafica.com he is reported as saying that, “We can’t even get credit with a guarantee. There are two projects, one for \$2.3 million and another for \$1.4 million, and we are providing a large part of the capital”.



800MW in Renewable Energy for 2016 (Source: laprensahn.com) Investors have promised \$2.1 billion in renewable energy projects, which would generate 800MW by 2016. At an event where authorities awarded contracts for generating renewable energy, investors and project developers announced \$2.1 billion in investment over the next 6 years. 52 renewable energy projects are to be developed between 2010 and 2016, generating over 800MW. ENEE will purchase 250MW at an average price of \$0.1 per kWh, explained Héctor Borjas, vice president of the Honduran Association of Small Energy Generators (Ahpper). Companies are expected to create over 50.000 jobs over the next 6 years, in more than 30 Honduran municipalities.

\$270 million boom tipped for electricity in Honduras (Source: El Herald) Confirmation of \$270 million of investments, and \$10 million more in the pipeline, point to a boom in the electricity sector of Honduras. Spanish firms Gamesa and Iberdrola Ingeniería y Construcción announced they won a contract to build a 102-megawatt wind farm at Cerro de Hula in Honduras. Gamesa has a 76 percent stake in the venture, with the remainder in the hands of Iberdrola. Once complete, the Cerro de Hula wind farm will be run by Mesoamerica Energy. Financing is being provided by the US Export-Import Bank and the Central American Bank for Economic Integration. The Honduran association of renewable energy producers also says that foreign and local banks are ready to finance hydro schemes of up to 250 megawatts.

Honduras invites bids to purchase thermal energy (Source: latribuna.hn) The government decided to conduct a public contest instead of renewing two existing energy generation contracts. Carlos Kattán, energy commissioner for the president, remarked that a new bidding process will allow the state to get better prices. The expiring contracts belong to “Energía Renovable, S.A.”, that sells 40 MW, and to “Electricidad de Cortés, S.A.”, which supplies 80 MW. The contracts expire on June and December 2010, respectively.

\$100 million for Honduran agriculture (Source: laprensa.hn) The investment, backed by the IDB and the World Bank, consists of various projects to support the farming sector. The minister for the state's farming council (SAG), Jacobo Regalado, highlighted in particular the “Rural Competitiveness” project. This scheme will last six years, benefit seven departments and is aimed at helping the rural poor. “Another \$26 million is planned for an agricultural program called ‘Pro-business’ (Pronegocios) with funds going to the departments of Gracias a Dios, Colón, Olancho and El Paraíso”.

\$30 million loan from Venezuelan bank to benefit small farmers in Honduras (Source: La Tribuna) Some \$30 million is being made available to low-interest loans for Honduran farmers by the National Agricultural Development bank, Bandesa. According to Banadesa’s chief executive, Jhonny Handal, “the country’s farmers are going to benefit from a loan by the Venezuelan national development bank, Bandev”. Rates are 9 percent a year over one to 10 years. The money is to be invested in basic grains, African palm, Bananas, irrigation, machinery, and coffee.

Millicom to buy out Celtel (Source: MarketWatch.com) Millicom International Cellular S.A announced that Millicom and its local partner in Honduras have reached an agreement that gives Millicom full control of Celtel, its Honduran subsidiary. Under the revised shareholders' agreement, the local partner has granted Millicom an unconditional call option for his 33% stake for the next five years. Millicom has granted a put option for the same duration to the local partner in the event of a change of control of Millicom. As a result of this agreement, Celtel will now be fully consolidated into the Millicom Group financial statements from Q3 2010. Previously, the results of the Honduras operations were proportionately consolidated.

Textile Industry recovers 11.000 jobs (Source: laprensahn.com) In the first six months of the year, the Honduran textile industry has recovered 11.000 of the 30.000 jobs it lost since early 2008. Daniel Facussé, president of the Honduran Maquila Association, explained that some 250.000 square meters were left unused after several companies closed operations. He remarked that the industry has already recovered 30%. Facussé insisted that this recovery will only be sustained if the country remains competitive, which means 'political stability and salaries, as companies compare them for choosing where to operate'.



Dominican Republic builds hydroelectric dams President Leonel Fernandez has launched the construction of the MONTE GRANDE DAM in the southwest. The dam is set to provide irrigation and drinking water. The government awarded the construction to the Brazilian company, Andrade Gutierrez, with Brazilian financing included. The company previously built the Northwest Multiple Aqueduct. President Leonel Fernandez also has sent an amendment to the contract for the construction of the PALOMINO HYDROELECTRIC DAM to the Senate. The amendment increases the authorization for state borrowing of the loan from US\$50 million to US\$130 million. The initial financing was granted by the Central American Economic Integration Bank and was approved by Congress on 25 May 2009.

DR's water authority is considering building a pipeline of US\$ 140 mn (source: hoy) The DR's water authority, INDRHI, is considering building a new pipeline to supply water to the National District area, which includes capital city Santo Domingo. The project involves transporting water from the Hatillo dam through Monte Plata. The project has a tag of US\$140mn, according to Indrhi director. The pipeline could provide 10m³/s of water to Santo Domingo city, which has suffered water shortages in recent times. The initiative also involves building a potable water plant near the Hatillo dam.

More loans approved for aqueduct and roadway The Senate approved more than US\$165 million in loans in august for the construction of an aqueduct in Peravia (Bani) and financing for construction work on the Duarte Corridor Roadway project. A total of US\$112.6 million was approved for the aqueduct, including three credit agreements. Two were signed with Spanish commercial bank Banesto and one was signed with the Official Credit Institute of the Kingdom of Spain. Along with the loans, the Senate also approved the construction contract for this project, which will be the responsibility of the Acciona Agua-Abri-Karram Morilla, Ingenieros y Arquitectos, S.I. Consortium at a cost of US\$109,538,007.32. Meanwhile, the Senate approved US\$54,785,122 for the partial financing of the Duarte Corridor Roadway project that will be led by Brazilian company Norberto Odebrecht.

Senate approves US\$30 million loan improve electricity transmission lines The Senate has approved a US\$30 million loan to improve electricity transmission lines. The project will be managed by the Public Electricity Corporation (CDEEE)'s Suburban and Rural Electrification Unit.

CDEEE buys wind power (source: el dia) The Public Electricity Corporation (CDEEE) has announced it has signed the first contract to purchase wind power in 18 months from Grupo Eolico Dominicano. The wind power company is then expected to connect to the electricity grid. This will be the

first renewable energy company to connect to the public grid. The company aims to produce 34 megawatts with windpower.

DR and Cuba discuss free trade agreement (source: hoy) Dominican ambassador in Cuba Luis Manuel Castillo says that talks are under way on the signing of a partial scope trade agreement aimed at strengthening trade between both countries. The agreement will emphasize cooperation and technical assistance in areas of technology and tourism. Cuba is interested in selling their foot medicine on the local market, used for diabetes patients and ulcer sufferers. The Cuban mission to the DR was headed by officials from the Cuban Institute of Foreign Trade and the Cuban Chamber of Commerce. They signed four preliminary agreements with the Center for Export and Investment (CEIRD) and the Santiago Chamber of Commerce. Trade with Cuba totals more than US\$70 million. The DR exports construction material and food products and imports pharmaceuticals from Cuba.

Haiti Economic Lift Program Act of 2010 (HELP) blessing for DR free zones The H.R. 5160 Haiti Economic Lift Program Act of 2010 (HELP), passed after the devastating earthquake in Haiti, is benefiting manufacturing in the DR. Both the United States Senate and House versions of the bill acknowledged at the time that as almost all factories and infrastructure in Haiti were destroyed by the earthquake, the most practical solution would be to transfer manufacturing operations to DR factories, which were already lacking contract work. There are more than 168 textile companies in the DR, many of which can now benefit from the HELP Act. Some 24 textile companies operated in Haiti before 12 January, but most did not survive the earthquake. The bill was introduced on 28 April 2010, and signed into law by US President Barack Obama on 24 May. The bill makes it possible for companies to export duty free to the States regardless of the origin of the fabric. Many big names in clothing in the US manufacture clothing in the DR.

www.dominican-garment-and-regional-textile-database.org/

Trade Events



Pioneers in international business

Dutch B2B renewable energy and energy saving matchmaking trade mission to Central America and Colombia

The Dutch Embassy in Costa Rica in cooperation with the Dutch Embassy in Colombia, have contracted Metasus Consulting from the Netherlands who completed a study about the opportunities for Dutch companies in the sectors of renewable energy and energy saving. Coming September 2-10 a Dutch trade mission on renewable energy and energy efficiency is scheduled to Panama, Costa Rica and Colombia. As a result of preparatory market surveys in 2009, many business opportunities were identified in biomass / biofuels, waste 2 energy, solar and wind energy as well as energy efficiency. Private and public sector organizations can also participate in development cooperation projects or invest in hydropower or biofuels. Financial instruments of a.o. FMO and NL EVD International make it even more attractive to participate. The mission is organized by MetaSus, in collaboration with the Dutch renewable energy umbrella organization DE Koepel and local partners. NL EVD Internationaal, the Dutch Agency for international business and cooperation supports the mission and the Dutch Embassies are actively cooperating to turn the event into a success. For more information contact: Ir. A.T. (Bert) Keesman by e-mail: keesman@metasus.nl or via www.metasus.nl



Pioneers in international business

Dutch B2B matchmaking trade mission to Central America

The EVD has assigned DLV Plant, with the local support of INCAE business school (Ranked #1 in Latin America), the Ministries of Agriculture of Central America, the Dutch Embassies in Central America and SNV to organize a B2B Tomato & Dairy Trade Mission. The mission will also focus on social corporate responsibility and fair trade. The events will take place in Panama and Costa Rica, where representatives and branch organizations from whole Central America will be present. A trade mission will be planned for 14-20 of November. For more details send an e-mail to Jan Tuinstra at j.tuinstra@dlvplant.nl

II International Investment, Industry and Commerce Fair The fair will take place on August 26 through the 28th at the Crowne Plaza Hotel in Managua. "Connecting the World" is the event's theme and its objective is to foster business opportunities between Nicaraguan entrepreneurs and foreign investors, while promoting the establishment of new investments in different economic sectors. The event is organized by the Chamber of Commerce of Nicaragua (CACONIC, for its acronym in Spanish), the Chamber of Industry of Nicaragua (CADIN, for its acronym in Spanish), Nicaragua's Center for Exports and Imports (CEI, for its acronym in Spanish) and PRONicaragua. For more information, please contact at: info@pronicaragua.org



Feria Internacional de Bogotá - Exposición Industrial, October 4-8, 2010, Carrera 37 No. 24-67, Bogotá, Colombia The Bogota International Fair is the specialized highlight of the most representative Industrial Macro sector in the Andean Region, Central America and the Caribbean. The event brings together the most varied and complete exhibit of industrial machinery, equipment, new technologies, technological advances, supplies, intermediate goods, raw materials and services related to the ,metallurgy, energy, packaging, plastics, air conditioning safety and related services industries, represented by national and international exhibitors.



Conference on carbon markets and climate finance to feature Mexico and Central America (Source: Ecosystem Marketplace) Following the success of last year's event, Green Power Conferences announce that the second international Carbon Markets Mexico & Central America networking conference will take place in Mexico City. In 2009 this event was attended by over 100 participants from 14 countries. The event will create a networking platform for the Mexican and Central American carbon market industry, policy makers and potential investors to examine growth strategies for the market as well as investment options and regional policy movements.

[More information](#)



Pioneers in international business

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 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 visit the website: www.evd.nl/landen. More information can also be obtained from Judith Brussee, e-mail: centraal-amerika@info.evd.nl, telephone: +0031 (070) 778 86 92.



Ambassade van het
Koninkrijk der Nederlanden

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