Remittances to El Salvador under threat from Trump planned deportations

The Trump administration has decided to end the Temporary Protected Status (TPS) for some 200,000 Salvadoran migrants living in the US. On January 15, ratings agency Moody's warned that the US decision to end TPS would have a long-term negative impact for El Salvador if it leads to ‘massive deportations’. Salvadorans send a significant amount of money back home; the World Bank says more than US$4.5bn of remittances were sent in 2016, making up 17% of El Salvador’s GDP. TPS has been in effect since 2001 when, after two deadly earthquakes struck El Salvador, the George W. Bush administration permitted undocumented Salvadorans residing in the US to apply for protected status, which allowed them to obtain work permits and spared them from deportation. The temporary program was renewed several times in the ensuring years.

Costa Rica approaches presidential elections with an uncertain scenario

Analysts say the presidential election on February 4, 2018 is very difficult to predict. Juan Diego Castro, a former Public Security and Justice minister who belongs to a small political party and has never previously run for office, currently leads the polls with 18% support. His anti-corruption rhetoric has become increasingly popular in the wake of news about a Chinese cement scandal unfolding over recent months. Castro is followed in the polls by the two candidates from Costa Rica’s traditional parties: Antonio Álvarez Desanti of the National Liberation Party (PLN) with 14% and Rodolfo Piza of the Social Christian Unity Party (PUSC) with 13%. Any candidate will need 40% in the February vote to avoid a runoff election on April 1.

Political tension in Honduras affects regional trade

Public demonstrations interrupted commercial transportation routes through Honduras for several days in December 2017. The protesters, who took to the streets alleging fraud in the November 26 general elections, caused barriers to major highways. Companies in neighbouring countries sought alternative routes to expedite shipments, especially for perishable products. The President of the Higher Council of Private Enterprise (COSEP), José Adán Aguerri, said he was in conversation with the Costa Rican embassy in Nicaragua to hasten visa requests for transportation companies to re-route Nicaraguan merchandise.

Panama prepares to receive Chinese visitors

Following a bilateral Air Transport Agreement between China and Panama, the first Air China flight to Panama will arrive in March 2018. The Panamanian Minister of Tourism has announced that the country is
working to meet requirements to become an attractive destination for Chinese tourists by taking measures such as certifying certain hotels, tour operators and restaurants that are equipped with Chinese-speaking staff. The Panama Tourism Authority's goal is to receive 30–50,000 Chinese visitors in coming year. Diplomatic relations between the countries were established in June 2017 after Panama cut ties with Taiwan. In November, Presidents Xi Jinping and Juan Carlos Varela signed 19 cooperation documents covering areas such as tourism, finance, agriculture and trade.

**Major section of Pan-American Highway in Panama is completed** The Panamanian government has officially opened the Santiago-David section of the Pan-American Highway, joining the centre and western parts of the country. The project to upgrade and expand the highway to four lanes for 188 kilometres cost US$1,086mn and was executed by Odebrecht (Brazil), Meco (Costa Rica), and Asociacion Accidental Cusa Bugatrac S.A. (Panama). Panamanian President Juan Carlos Varela acknowledged the controversial role of Odebrecht, which in December 2016 was banned from participating in tenders for new public works in the country because of a bribery scandal. Speaking at the inauguration ceremony of the new section of the highway, President Varela said, 'I am happy with the path I chose [to complete the construction of the highway]. I do not regret it because innocent people would have been affected if the bills were not paid, if the works were abandoned and affected communities and thousands of workers.’

**Customs union between Guatemala and Honduras begins to bear fruit** Trade grew by US$500mn – 4.7% – in the first four months since Guatemala and Honduras established a customs union in June 2017. Between June and October 2017, transfers and acquisitions from Guatemala to Honduras were valued at US$87mn, while US$430mn in trade passed from Honduras to Guatemala. Transit also increased by 20% at the three border points that the countries share. The Economic Commission for Latin American and the Caribbean (CEPAL) estimates that the unification process could lead to Guatemala's GDP growing by 0.2-0.4% and Honduras' GDP to increase between 0.3-0.7%. El Salvador has expressed interest in joining the union, noting that 76.9% of its intra-regional trade goes to Guatemala (US$370mn) and Honduras (US$334mn). Salvadoran authorities have said that they would be ready for the country to join the agreement in 90 days; however, the Legislative Assembly would need to approve the accession. The integration process, which has cost US$2.1mn, received funding from the Central American Bank for Economic Integration (BCIE).

**Costa Rican Civil Aviation authority suspends Nature Air operations after deadly crash** The General Directorate of Civil Aviation, which is investigating the crash of a Nature Air charter flight in Costa Rica that killed 12 people on New Year’s Eve, has suspended the carrier’s certificate. The suspension was attributed to the airline's inability to assure safe operations with the loss of three senior executives, but it follows claims by the former operations manager that Nature Air operations were irregular. Nature Air provided both scheduled domestic and regional flights and charters. It had been hired to take nine tourists and their American guide when it crashed into the side of a mountain.
Highway will become first public-private partnership in Guatemala

Five prequalified companies will submit their bids to participate in the rehabilitation of 41 kilometres of the Escuintla-Puerto Quetzal Highway in southern Guatemala. The cost of the highway construction project, which is the first public-private partnership in the country, is estimated at US$80.3mn. The selected bidder will be granted management control of the motorway for the next 25 years. The five bidding companies, which must present their offers in the coming three months, are COCONAL S.A.P.I. (Mexico), ANAS International Enterprise S.p.A (Italy), JJC Contratistas Generales, S.A. (Peru), Mota Engil Latin America B.V. (Netherlands), and Consorcio Autopistas de Guatemala (Guatemala-Mexico).

Panama commits to multilateral exchange of financial information

Panama signed up to the OECD’s Common Reporting Standard Multilateral Competent Authority Agreement (CRS MCAA), becoming the 98th jurisdiction to join the organisation's goal to combat tax evasion. By signing the MCAA, Panama will be able to activate bilateral exchange relationships with the other 97 jurisdictions that have so far joined. As reported in Central America Briefing Vol 5, Issue 22, the European Union included Panama in its first blacklist of tax havens. On January 15, the EU proposed removing Panama from the list after the country joined the MCAA.

Guatemala's international airport gets a facelift

La Aurora International Airport in Guatemala's capital city was refitted with new security systems and a revamped runway. At the inauguration for the rehabilitated airport, President Jimmy Morales called for international airlines to increase their flights to the country. The upgrades to the airport took four months and cost US$7.57mn.

Ecuadorian firm promotes Chinese cars in Costa Rica

Ecuador-based car distributor Ambacar became a majority shareholder in the Great Wall Costa Rica car dealership a year ago. Now, the company hopes to consolidate its presence in the country by incentivising drivers to abandon traditional brands in favour of Chinese models. Ambacar plans to have at least five Chinese brands for sale within three years. Ambacar CEO Hernan Vasquez has said he hopes to replicate the success he has experienced in car markets in Ecuador, Peru and Colombia by dispelling reservations customers might have about the quality of Chinese automobiles. The company has acquired 17,000 square metres of land for US$1.5mn, where it plans to install its main warehouse, a spare parts warehouse, and a workshopping centre.

Upcoming projects

Costa Rica: Tender for Telecommunications Infrastructure

The Superintendence of Telecommunications (SUTEL) in Costa Rica is calling a tender to develop infrastructure for internet and mobile telephone services in 24 indigenous territories in the country. SUTEL will receive technical and economic offers from telecommunications companies interested in developing the project up until May 31. It will analyse the bids and award the project within a period of 45 working days. The total investment cost for the ‘Connected Communities Program’ is US$103mn.
Panama: Tender for Roadworks The Ministry of Public Works is putting out to tender the study, design and renovation of a road section in the province of Panama Oeste. The objective is to achieve a study, design and construction of a roadway from the highway to the Port of Vacamonte and the community of Veracruz. The reference value is US$14mn and the deadline for receipt of bids is February 9, 2018.

Nicaragua: Tender for Air Conditioning and Lighting The Ministry of Energy and Mines is putting out to tender the supply and installation of efficient climate control equipment and LED street lighting. The deadline for receipt of bids is February 2, 2018.