President Varela opens Embassy in landmark visit to Beijing Following the announcement in June 2017 that Panama would break diplomatic relations with Taiwan in order to establish relations with the People’s Republic of China, President Varela made a week-long visit to Beijing from 20 November. Varela arrived to open a new Embassy and to meet President Xi Jinping, with both witnessing the signing of 19 agreements, including plans to start talks on a bilateral free-trade agreement, and cooperation on China’s “Belt and Road Initiative”. New deals were also signed regarding transport infrastructure, electricity, finance, tourism and agriculture. With Chinese company Landbridge Group agreeing to purchase Panama’s biggest port Margarita Island in May, and China Harbour Engineering Company party to a US$165 million contract signed in July to design and build a new cruise terminal at the Panama Canal’s Pacific entrance, the diplomatic move is set to give even greater momentum to the already significant commercial ties between the two nations.

Honduran presidential elections too close to call with 75% votes counted On November 26, Hondurans went to the polls. While votes were also held for congressional and municipal seats, all eyes were on the Presidential Election and the leading contenders, incumbent Juan Orlando Hernández of the National Party of Honduras (PNH) and Salvador Nasralla, a former television presenter representing the Alliance against dictatorship (LIBRE-PINU). Despite constitutional amendments made to permit re-election drawing criticism, Hernández was widely expected to win, with exit polls appearing to confirm this, giving Hernández 44%, compared to Nasralla’s 34.7%. However, preliminary results on Monday from the Supreme Electoral Tribunal (TSE) had Nasralla 5% ahead of Hernández. At the time of writing, 91% of votes had been counted, giving Hernández a lead of 1.2%. With both candidates declaring victory, and observers and LIBRE-PINU expressing concern about potential manipulation of the vote in the President’s favour, the final results are expected to be announced by the TSE by 3 December.

APM Terminals announces plan to invest a further US$145mn in Puerto Quetzal over the next 19 years The Commercial Vice President of Dutch company APM Terminals visited Puerto Quetzal on 21 November with Economy Minister Victor Asturias, announcing that the company would invest a further US$145mn at the facility over the next 19 years, in addition to the US$180mn already spent on developing the terminal. Commencing operations in February, the container terminal has already surpassed all other ports to become the largest source of foreign trade tax revenue for the government, contributing US$58mn between March and October. It has also drastically improved Guatemala’s ability to handle foreign trade, increasing port capacity by 34%, and reducing docking times from 6 hours to as little as 35 minutes.

Costa Rica plans to raise US$1.5bn through new debt issuance measure As covered in Central America Briefing Volume 5 Issue 19, the Costa Rican government decided against issuing Colon denominated bonds on the international market as a means to raise the requisite funds for the 2018
budget. In a new initiative, a technical team within the Treasury has announced plans to sell sovereign bonds on the domestic market, on the understanding that the bonds can be sold to international banks, meaning that the debt can be acquired by foreign investors. The mechanism, known as a ‘placement contract’ has been met with criticism from opposition figures for not being in keeping with regulations on public spending budgets, though the government has defended its position, explaining that local banks regularly use this placement contracts for different types of bonds.

**Salvadoran government seek IMF analysis on the success of pension reform** Following a request from the Salvadoran government, an IMF delegation is currently in El Salvador to assess the effect of the recent pension reform on the country’s fiscal deficit. The Salvadoran Congress took urgent steps to reform the pension system in late September after the government missed debt payments to Pension Fund Administrators (AFPs), stemming from disagreements in Congress regarding the issuance of bonds raise the capital necessary to service the debt. During the visit, the IMF will also hold technical discussions with the government to put public finances on a more sustainable footing.

**Spanish government and IDB provide US$200mn in loans for Panama sanitation works** The Arraiján and La Chorrera sanitation programme in Panama Oeste aims to improve the sanitary conditions and reduce the contamination of rivers in the districts of Arraiján and La Chorrera through the construction of two large basins and a wastewater treatment plant. It will cost a total of US$640.1mn. The Spanish government’s agency for International Development has loaned the Panamanian government US$50mn to help fund the second stage of the programme. The Inter-American Development bank (IDB) will supply an additional US$150mn. Other previous funding has come from the Central American Bank for Economic Integration (CABEI) and the Development Bank of Latin America (Corporacion Andina de Fomento) (CAF).

**COMIECO approves tariff free grain imports to Guatemala for 2018** The Central American Economic Integration System’s (SICA) Council of Ministers of Economy and Trade of Central America (COMIECO) is composed of the Economic Cabinet Ministers and Presidents of the Central Banks of the Central American countries. At a meeting on 26 November, the Council approved Guatemala’s request to import a certain quota of grains without paying tariffs, as a means to guarantee supply in the local market and ensure price stability. The quotas approved by COMIECO include 5,000 metric tons of beans, 150,000 of yellow corn, 50,000 of white corn and 26,000 of rice. Approval was granted in respect of the intense rains and flooding earlier in the year, which left Guatemala’s agricultural production badly affected.

**UAE to open an embassy in Costa Rica in further sign of strengthening trade ties** The United Arab Emirates have announced that they will open an Embassy in Costa Rica following the opening of a Costa Rican diplomatic headquarters in the country’s capital during a recent visit by the Costa Rican Foreign Minister. The opening of diplomatic offices follows the signing of six economic and commercial cooperation agreements over the past six months covering air services, investment promotion and protection, double taxation, visa waivers and joint co-operation in renewable energy.

**BCEI loans Nicaragua US$86.5mn to finance the expansion of electricity coverage** The Central American Bank for Economic Integration (BCEI) have granted Nicaragua a loan of US$86.5mn to finance the National Programme for Sustainable Electrification and Renewable Energies (PINESER). The national programme aims to expand the electricity distribution network to remote areas. Current electricity coverage in Nicaragua is 92.8%, but this programme aims to push this figure up to 94%, bringing power to 36,000 more homes.
Honduras and Argentina to form a joint chamber of commerce  The Argentinian Ambassador to Honduras, Juan José Castelli, announced that the Honduran and Argentine governments have agreed to create a Honduran-Argentinian Binational Chamber as a way to boost trade between the two nations. The Chamber will facilitate dialogue between businessmen from both countries and create a framework of trust. Current annual trade between the two countries is low, at US$54mn dollars, but has increased at an annual average of 40% in recent years.

Upcoming projects

Costa Rica: Tender for Electrical works  The Costa Rican Institute of Electricity is putting out to tender a modernisation service for the voltage regulation system (AVR) of the generator and turbine speed controller (governor) of the Miravalles I plant in Bagaces, Guanacaste. The deadline for the receipt of bids is January, 3 2018.

Guatemala: Tender for Metal Detectors  The Public Ministry of Guatemala have announced the bidding process for the supply of 100 metal detector arcs that can work within desired zones, 8, 16, 24 or 33, are of certificate standard CE, ISO, FCC and ROHS, are waterproof IP-67, have adjustable sensitivity of each zone and their own level of automated sensitivity, are adjustable for multi-purpose operation and have an audible and LED light alarm. The deadline for the receipt of bids is January, 17 2018.

El Salvador: Tender for Radiology Equipment  The Salvadoran Social Security Institute is putting out to tender the supply and implementation of radiology equipment. The equipment requested includes a digital X-ray system with intermediate power generator without fluoroscopy, three digital X-ray systems with high power generator without fluoroscopy, a digital X-ray system with mobile unit with intermediate power generator and two X-ray mobile or portable units. The deadline for bids is January, 4 2018.