

Regional Program Sustainable Economic Development in Central America

DESCA/GTZ

Regional Integration and Free
Trade Agreements

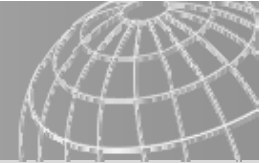
Opportunities for Trade and
Investment in Central America

Why invest in Central America?

Juan Duch

Hamburg, 27 March 2009



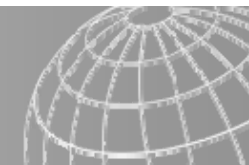


- Introduction
- Central America at a glance
- Integration Process in Central America
- Free Trade Agreements
 - Potential of DR-CAFTA
 - Association Agreement EU - CA
- Investments in Infrastructure, Energy and Trade
- Why invest in Central America?– Example: Redfox
- The DESCA-Program – Opportunities of cooperation





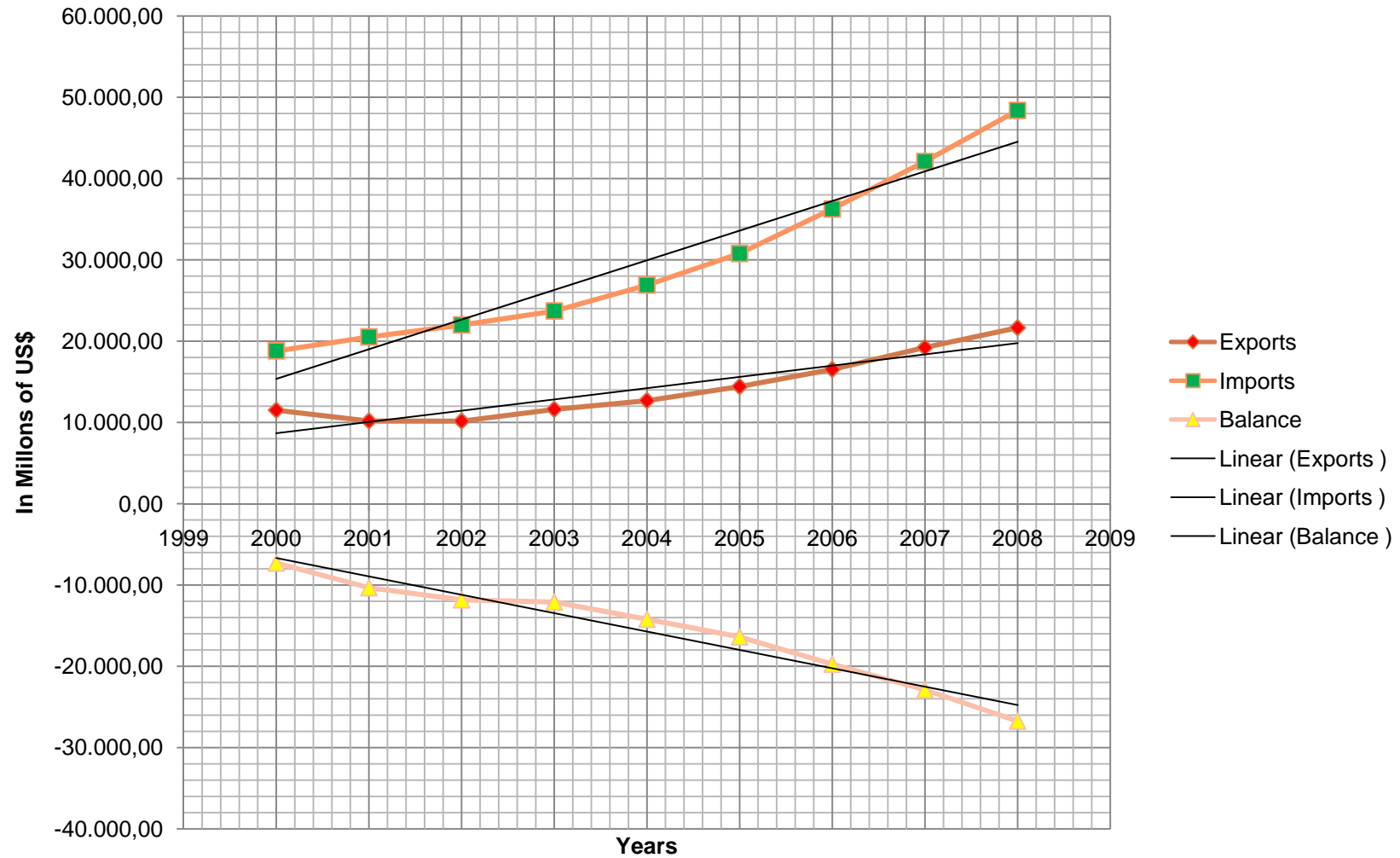
- Area: 522,000 km²
- Population: 40,000,000
- Countries: Guatemala, Belize, El Salvador, Honduras, Nicaragua, Costa Rica, Panamá
- GDP: \$98,000 billion (exchange rate); \$214 billion (purchasing power parity)
- GDP per capita: \$2,250 (exchange rate); \$5,351 (purchasing power parity)



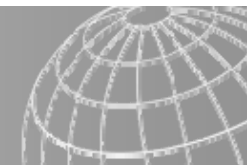
Years	Exports	Imports	Balance
2000	11,511.70	18,801.00	(7,289.3)
2001	10,184.40	20,518.30	(10,333.90)
2002	10,170.10	21,996.30	(11,826.20)
2003	11,618.20	23,710.40	(12,092.20)
2004	12,693.60	26,900.10	(14,206.50)
2005	14,410.80	30,785.50	(16,374.70)
2006	16,528.20	36,265.40	(19,737.20)
2007	19,220.4	42,117.7	(22,897.30)
2008	21,650.7	48,393.6	(26,742.90)
Growth 07/08	13%	15%	

Source: SIECA

Central American International Trade Balance 2000 – 2008 (US\$ millions)



Most important Trade Partners for C.A. in 2006 (US\$ millions)



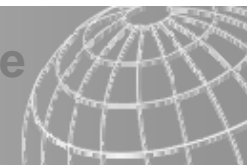
COUNTRY	EXPORTS	PARTICIPATION	IMPORTS	PARTICIPATION
Total	16,528	100 %	36,265	100 %
United States	5,582	33.8 %	12,608	34.8 %
MCCA	4,429	26.8 %	4,536	12.5 %
EU	2,287	13.8 %	3,305	9.1 %
Mexico	513	3.1 %	2,706	7.5 %
Panama	419	2.5 %	976	2.7 %
China	608	3.7 %	1,613	4.4 %
CARICOM	428	2.6 %	188	0.5 %
Canada	245	1.5 %	340	0.9 %
Dom. Rep.	260	1.6 %	48	0.1 %
Japan	136	0.8 %	1,295	3.6 %
Venezuela	64	0.4 %	1,009	2.08 %
Chile	22	0.1 %	593	1.6 %
Rest of the world	1,535	9.3 %	7,048	19.5 %

Source: SIECA



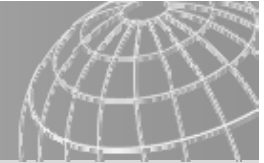
Countries	Export	%	Import	%
Netherlands	587.9	23.4	374.6	10.6
Germany	556.0	22.1	676.9	19.1
Belgium/Lux	381.2	15.2	248.9	7.0
Spain	243.6	9.7	474.9	13.4
U.K	240.3	9.6	199.0	5.6
Italy	182.2	7.3	374.9	10.6
Sweden	69.8	2.8	300.4	8.5
France	66.5	2.6	355.2	10.0
Ireland	62.0	2.5	289.5	8.2
Others	121.4	4.6	248.4	7.0
TOTAL	2510.9	100.0	3542.7	100.0

Source: Sieca

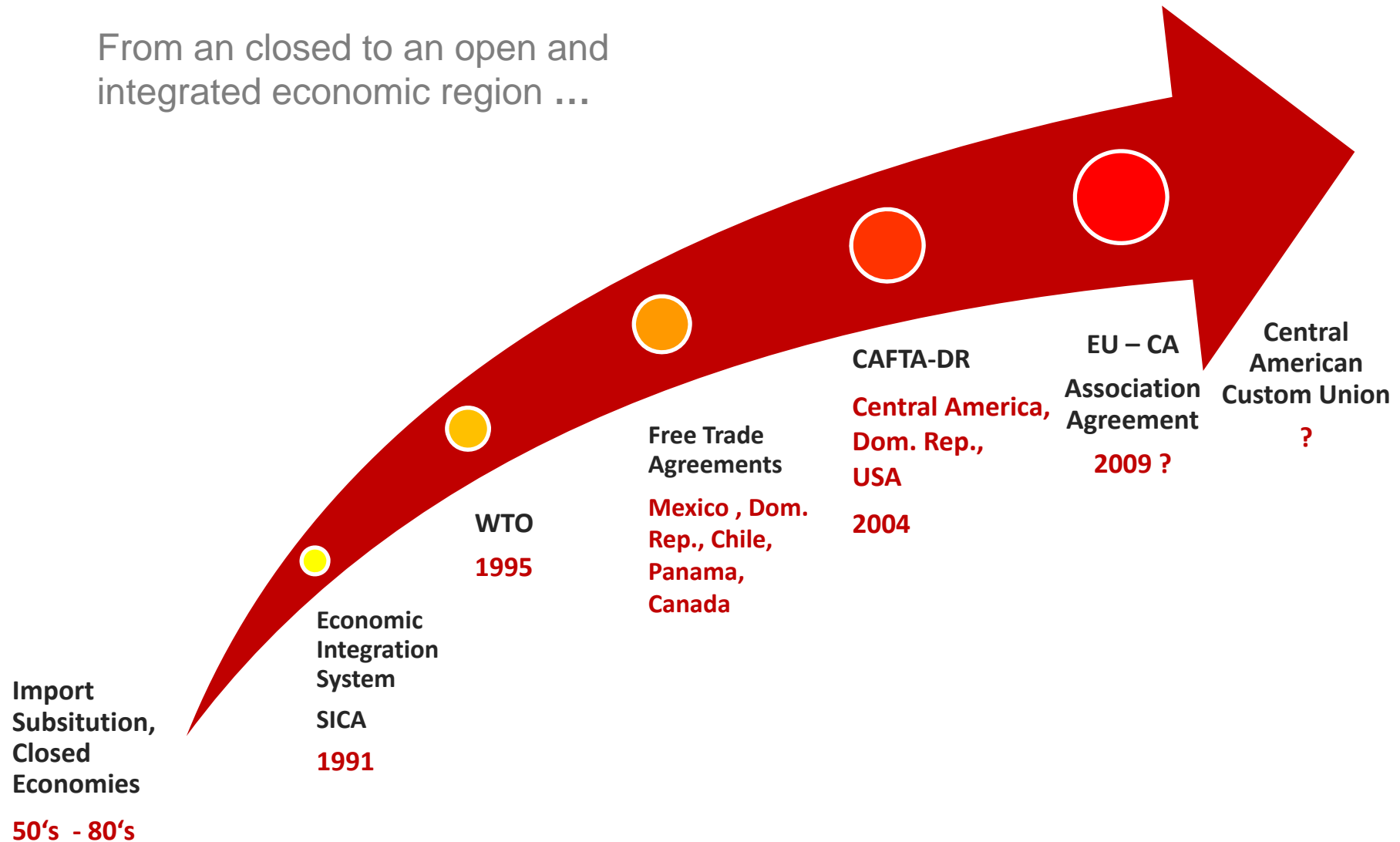


Exports	Value	%	Imports	Value	%
Minerals	34.8	1.4	Food preparations	36.0	1.0
Pineapple juice	33.6	1.3	Generator and converters	33.2	0.9
Alive plants	32.6	1.3	Malt extract	31.2	0.9
Preserves, jelly and marmalades	30.8	1.2	Electric wires and threads	29.2	0.8
Marine DIESEL	22.2	0.9	Machines and apparatus	28.7	0.8
Burley Tobacco	16.7	0.7	Instruments and medicine apparatus	28.6	0.8
Palm hearts	14.7	0.6	Serums and antiserums	28.1	0.8
Peanuts	13.7	0.5	Stamps	28.0	0.8
Moss and lichens	12.8	0.5	Ceramic plates and slabs	27.4	0.8
Parts and accessories of cameras	12.6	0.5	Devices of data storage	25.0	0.7
Halogenated products	12.3	0.5	Ethyl products	24.0	0.7
Cain sugar	12.3	0.5	Plates, plastic sheets	23.3	0.7
Mixtures of fruits	10.4	0.4	Interrupt ores, commutator	23.1	0.7
Palm oils	10.4	0.4	Books, brochure and printed matter	22.1	0.6
Other goods	280.5	11.2	Other machines	1,692.8	48.0
Total	2,510.9	100.0	Total	3,524.7	100.0

Source: Sieca



From an closed to an open and integrated economic region ...





- **Agriculture and Agro industry.**
- **New Products**
 - **Natural Medication, Herbal Remedies**
 - **Biodiversity Products (the region is home to approx. 7% of the world`s biodiversity)**
- **Textile and Apparel**
- **Logistic**
- **Software**
- **BPO**
- **(Eco)Tourism**

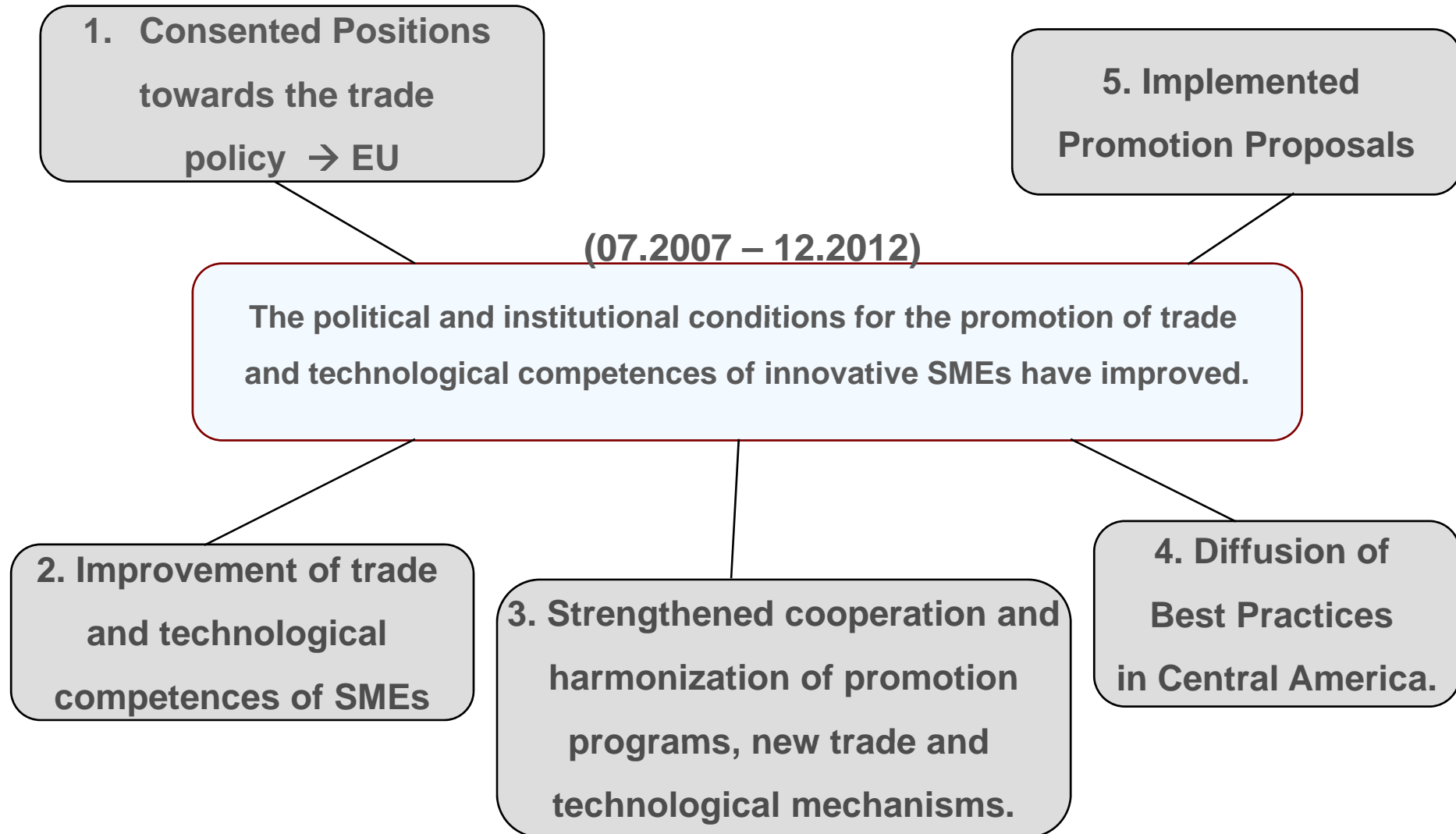
(The region is one of the world`s fastest-growing tourism markets)
- **Financial Services**
- **Telecommunications**
- **Off Shore Labour (Parts, Electronics, Apparel, Assembly)**
- **Renewable Energy**
 - **Solar Energy**
 - **Wind Energy**

(A german investor together with its project partners from Europe and America, has commenced construction work on the largest wind park in Central America)
 - **Biomass**

(biological material used as fuel or for industrial production, for example: energy pellet s from coffee pulpa)

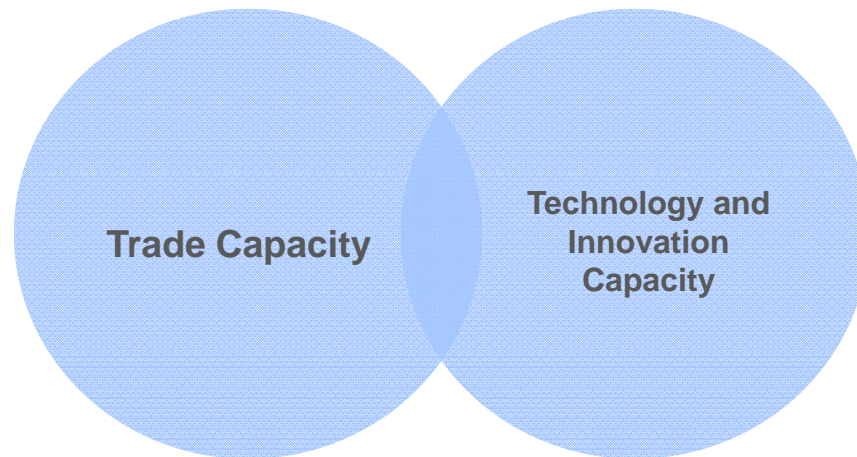


Why invest in Central America? – The Example of REDFOX

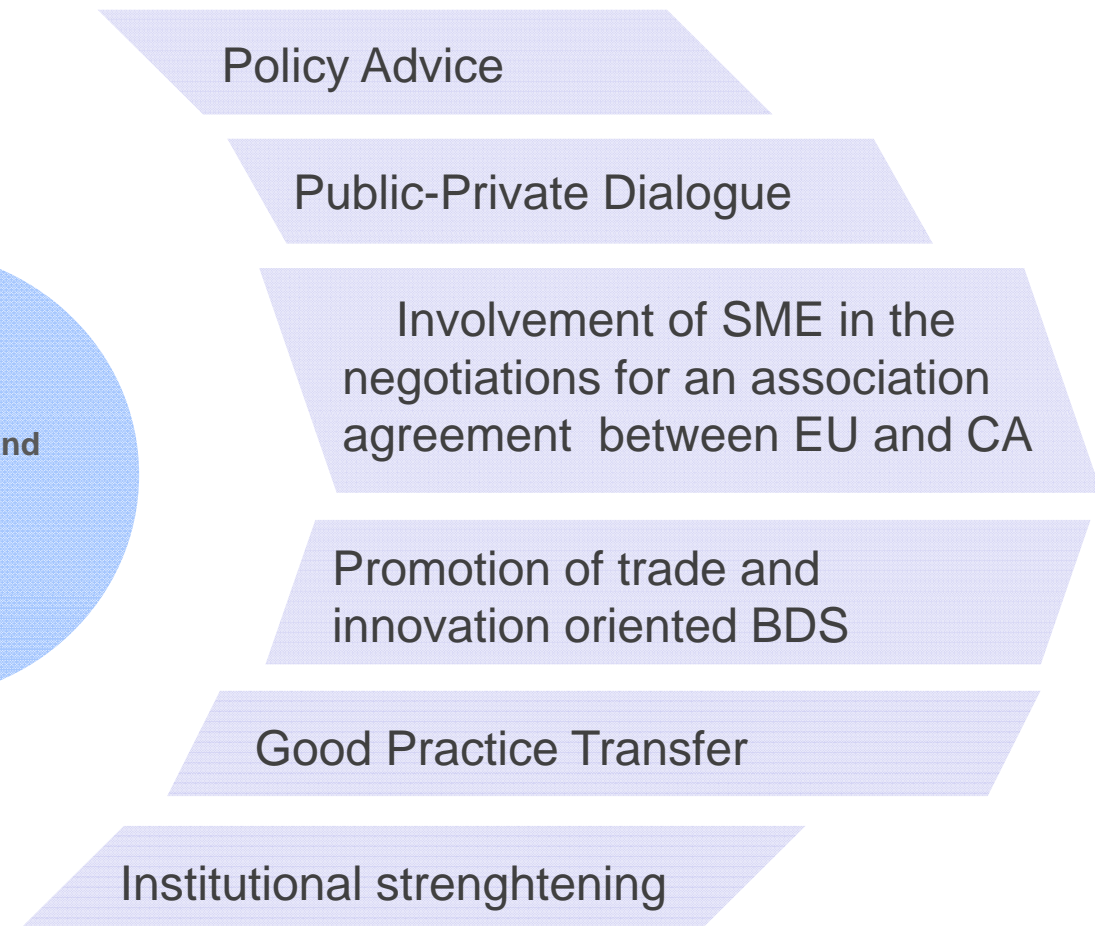




Strategic fields of

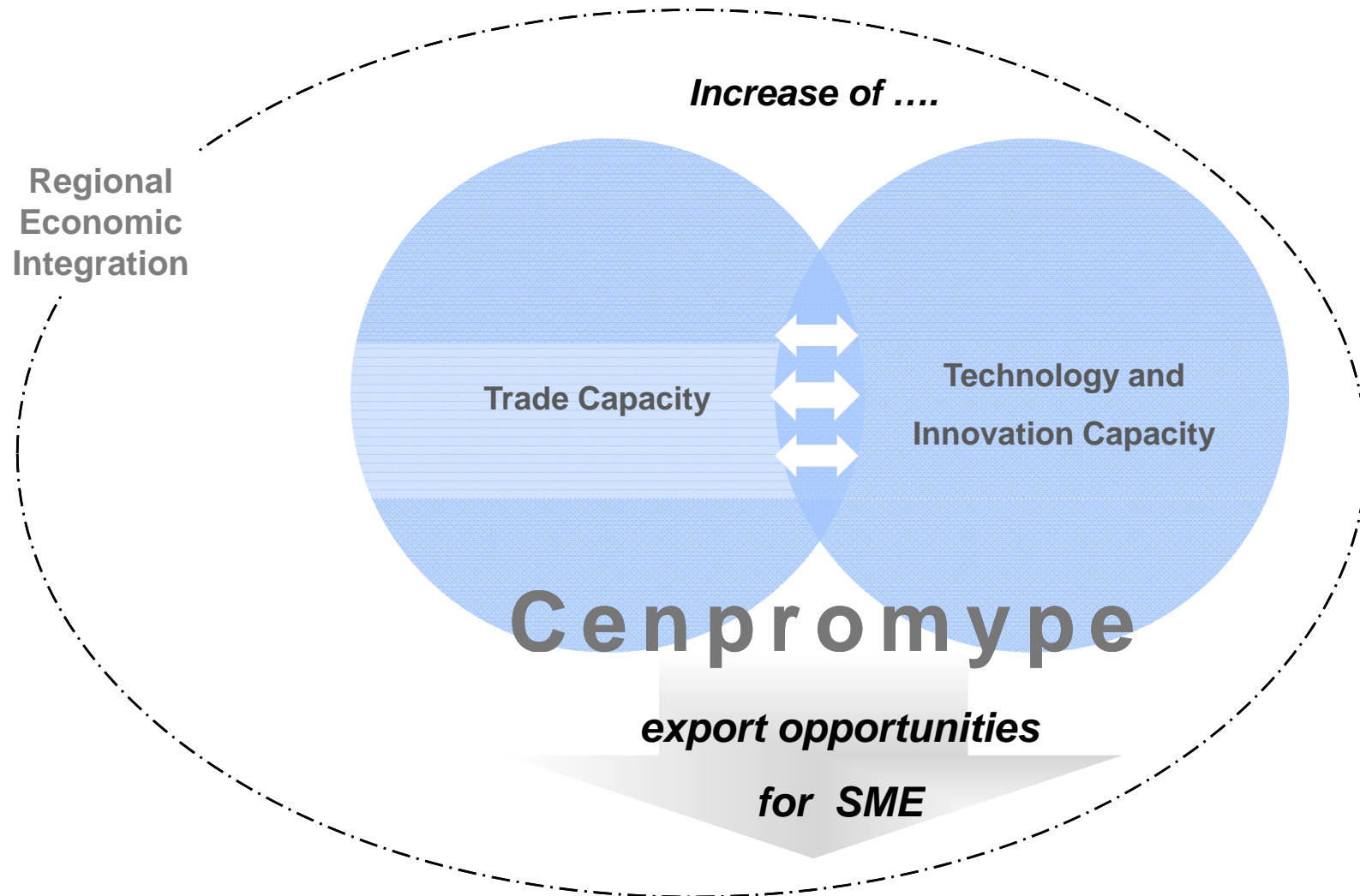


activity



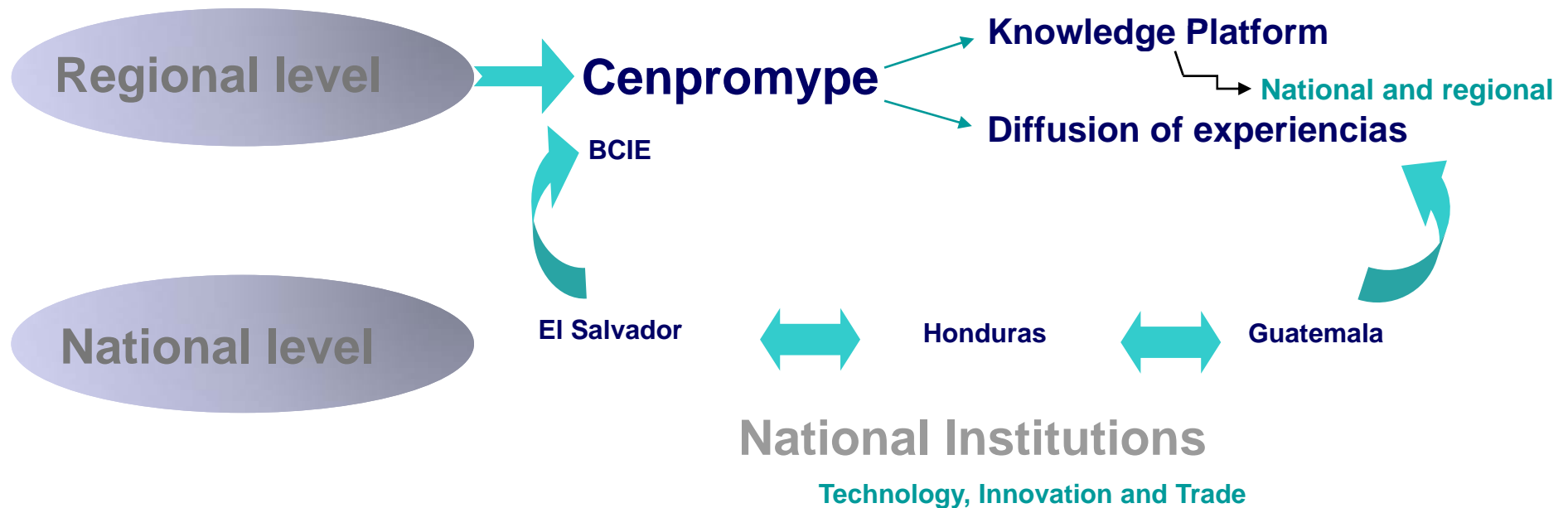


Approach





Impact levels



*Other institutions of German Development Cooperation:
KFW, INWENT, PTB, among others*



PTB

Strengthening Quality Systems in C.A.



CIM

Business incubator - FEPADE



Future: two experts in renewable energy

InWent

Third Regional Seminar:
„The great challenges of Innovation and Trade
in Central America –
Making the Impossible Possible“



CEPAL (Knowledge Transfer into the Region)



PPP

Focus on integrated PPP (Linkage with big firms, technology transfer and generation of innovative firms)

Triangulation

- Study Tours to Chile (CORFO)

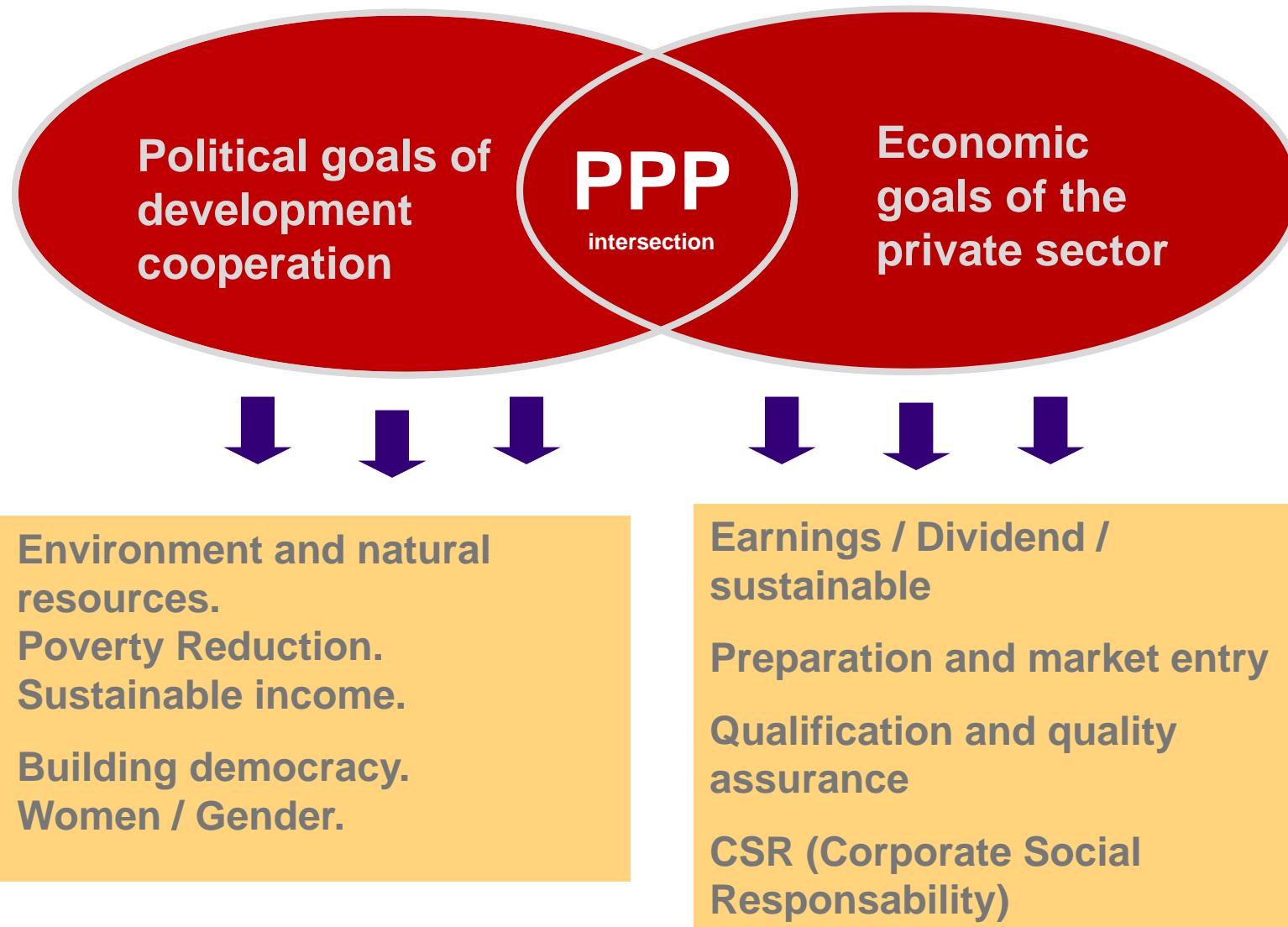
IBERPYPME



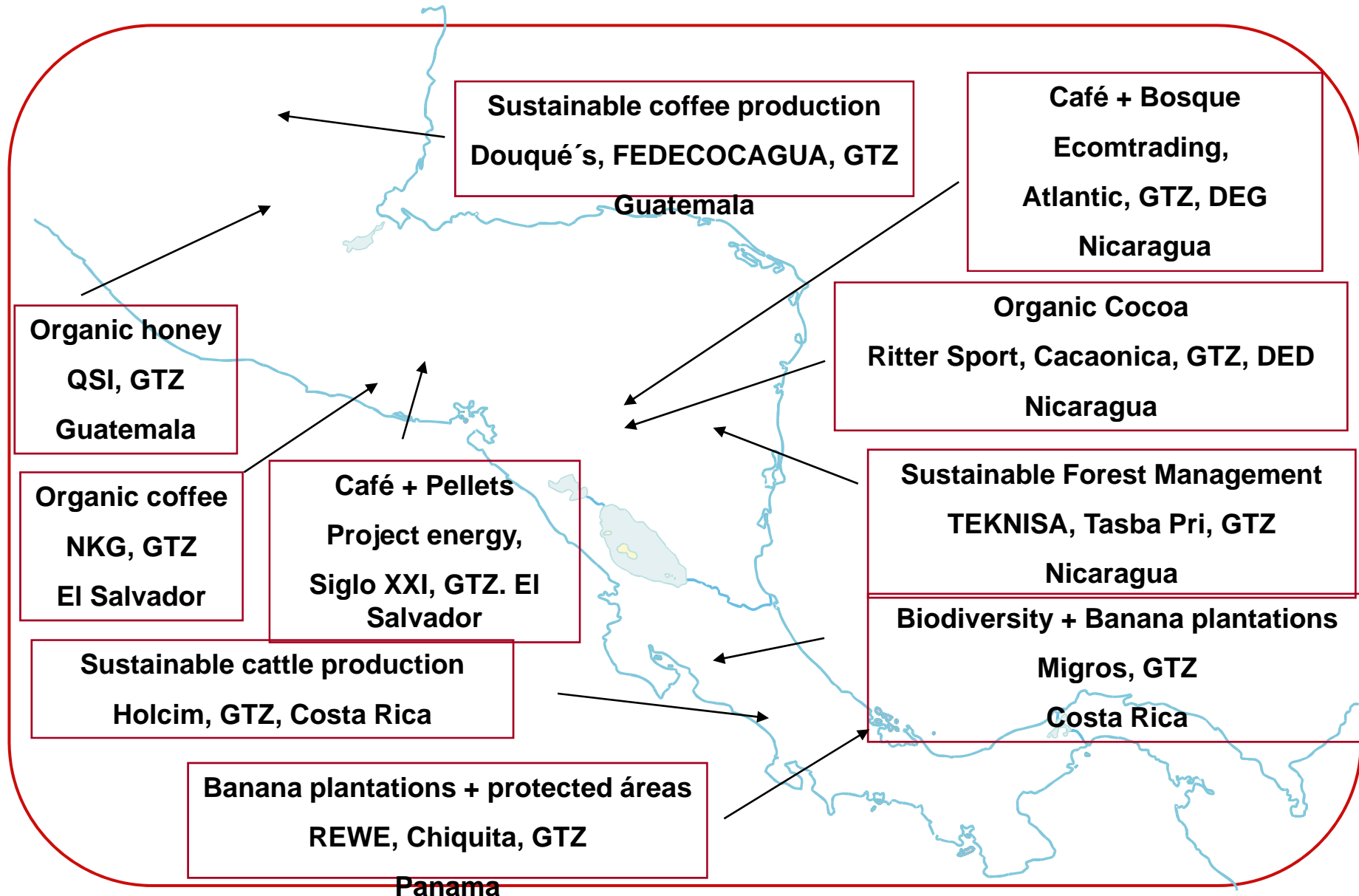


- **Public-private partnerships (PPP)** between development cooperation and the private sector are becoming increasingly important worldwide.
- PPP are development partnerships with the private sector. In PPP projects, GTZ – acting on behalf of the German Federal Government – and private companies jointly implement concrete, clearly defined projects in emerging and developing countries.
- **PPP projects combine business interests with development policy goals, for instance, in the fields of training, environmental protection, energy and technology transfer.**





PPP in the agro-forestry sector in Central America





Training in techniques of coloring / dyeing for textile workers

Partners: CPI (Instituto Politecnico Centroamericano) and ClariantAG (Switzerland-Germany), producer of specialty chemicals for the Textile Industry.

Impact: eco-efficiency (water use), less emissions, better quality.



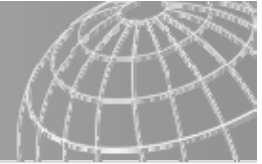


Introducing the dual education model in the career of Mechatronics

Partners: ITCA (Instituto Tecnológico Centroamericano) and FESTO (Germany), producer Automation with pneumatic and electric components and systems. Training in industrial automation. CIM and GTZ.

Impact: Introduction of the dual education model, excellent training in industrial automation with modern components, supply the demands of expert.





Thank You!
Vielen Dank!
Muchas Gracias!



Important links:

- <http://www.gtz.de>

For more information please contact to:

stephan.heieck@gtz.de

peter.sommer@gtz.de

jduch@gtzdesca.org.sv