

# WORLD FINANCE

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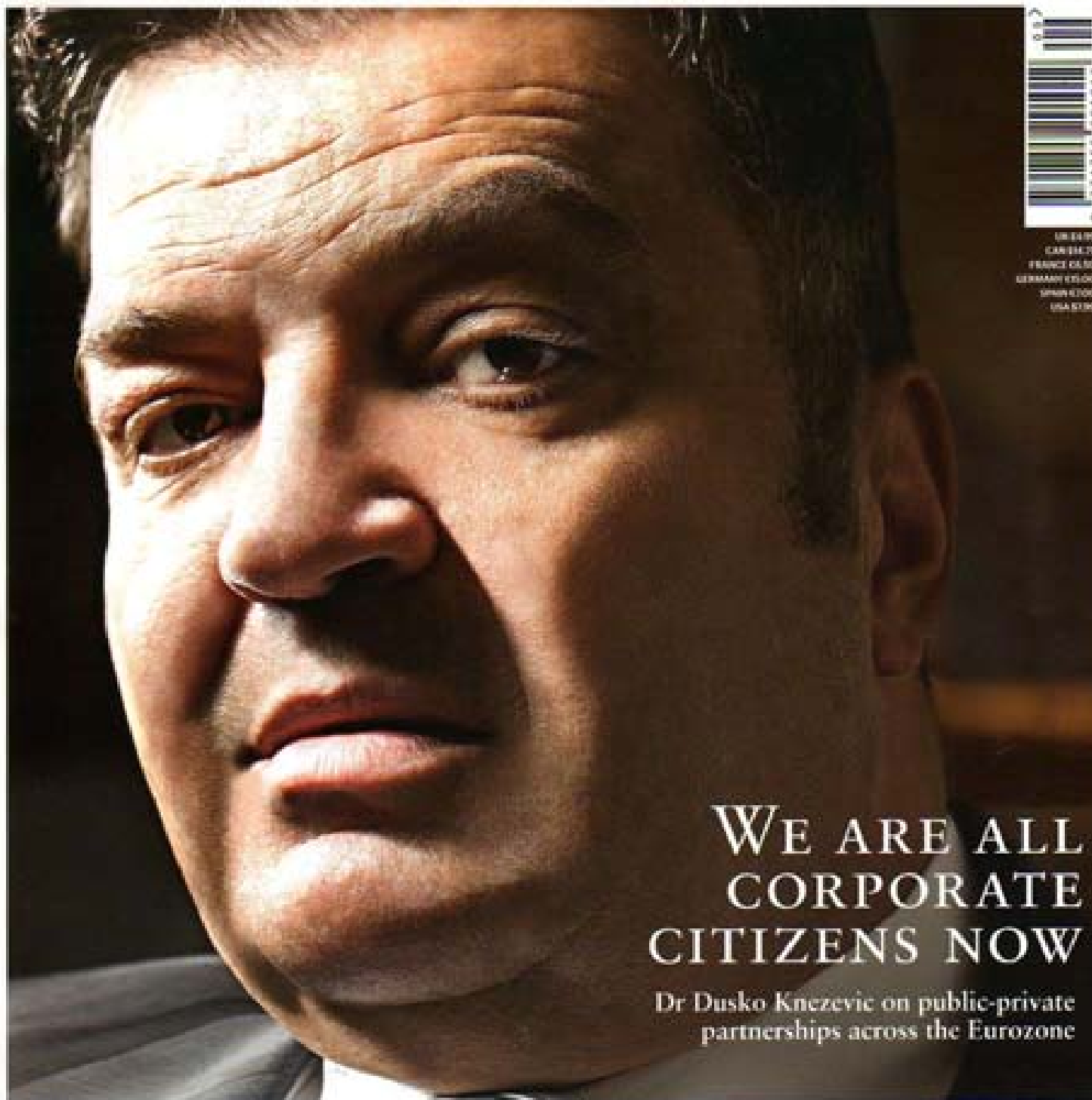
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# CENTRAL AMERICA TIES TO CHINA

*A host of nations, notably Costa Rica, have recently strengthened relationships through various trade agreements.*

*Firms are following suit*

■ Central America, the sandwich and gateway to both Americas, is comprised of seven countries: Belize, Guatemala, El Salvador, Honduras, Nicaragua, Costa Rica, and Panamá. It has a market of more than forty million people and an area of 524,000km<sup>2</sup>.

Arias & Muñoz is unique in Central America, for it operates as a single firm rather than as an alliance of firms and currently has seven, fully-integrated offices in five countries: Guatemala; El Salvador; Honduras; Nicaragua; and Costa Rica. It is recognised today as a solid and innovative legal firm that continues to spread its influence throughout the region.

With its core experience over a broad range of practice areas and industries, as well as its dedicated lawyers, Arias & Muñoz unlocks the region's intricacies and subtle differences in laws for its clients. The firm is truly a one-step, one-stop law firm offering clients the benefits and demonstrated advantages that come from having all their regional businesses served from one, fully integrated base.

The firm is expert at advising international investors. Currently, the firm represents a wide range of companies, from large multinational corporations to small individual enterprises, (among whom are Global 500 and Fortune 500 companies), nationally, regionally and globally.

For the past three years, especially since Costa Rica opened diplomatic relations with China in 2007, Arias & Muñoz has become increasingly aware of the subtleties of doing business that fulfill the legal needs of Chinese investors not only within Costa Rica but also in the rest of Central America.

Founding partner Pedro Muñoz, and a young law student, Luis Diego Rodríguez, visited China on a fact-finding mission and

cultivated ties with both the business and education community. Muñoz has since returned to China several times and intends spending at least six months living in Beijing in the early part of 2011.

A brief reference on the work executed by Arias & Muñoz-Costa Rica in Chinese Direct Investment is its legal advice to the Bank of China and Sinosure (China's import/export credit agency) in the first Sino-Central American financial transaction. It resulted in an unprecedented pledge over leased equipment.

Huawei Technologies of China, who supplied the equipment, and CABEL, who under-

of the importance of strengthening business ties with China (Costa Rica's second trading partner). As a background of Costa Rica's investment relations with China: on October 24, 2007, both countries signed an agreement for promoting and protecting investments in which they sought to create the most favourable conditions for investors in each party's respective country. As a result of this agreement, Chinese investors, for example, will enjoy constant protection and security within Costa Rica; also their investors will be treated either better or equally to the investments and associated activities of Costa Rican investors or any other third-party country investor.

On February 10 this year, after fourteen months of negotiations, Costa Rica finalised a free trade agreement with China. China has opened its market to 99.6 percent of Costa Rican traded products; and Costa Rica offered China an immediate opening into Costa Rica of 58 percent of goods with zero tariff.

25 percent of products with tariff reduction to zero after 10 years from the execution of the agreement; and seven percent of products with tariff reduction to zero after five years from signing. Costa Rica and China signed the free trade agreement on April 8, 2010, and it is currently pending ratification by the Costa Rican legislative branch to enter into force.

Chinese businesses and investments will increase substantially in Central America and especially in Costa Rica. By both coordinating closely with Chinese clients and identifying their particular needs, Arias & Muñoz is capable of providing excellent service, expert advice, and sound solutions. The continuing growth of their client list testifies to their success. ◇

## IN FEBRUARY, AFTER FOURTEEN MONTHS NEGOTIATION, COSTA RICA FINALISED A FREE TRADE AGREEMENT WITH CHINA

took the "fronting", set up a joint venture and won the Costa Rican Electricity Institute's (Instituto Costarricense de Electricidad - ICE) tender for installing the necessary infrastructure for Costa Rica's first 3G network - comprising 950,000 lines - introduced in mid-December 2009 with a value of \$235m. The 3G network is crucial for ICE because it allows it to compete in Costa Rica's recently opened-up telecommunications market.

The joint venture received financing from the Bank of China to finance the purchase of lease-receivables in a form that the Central American Bank for Economic Integration (CABEL) originally structured.

### STRENGTHENING BONDS

Additionally, it is important to highlight that the Costa Rican government is conscious