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Deborah Tyroler

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U.S. Judge Accepts Suit Against Honduran Government In Failed Cement Plant Privatization Deal

by Deborah Tyroler

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On Aug. 20, in Tegucigalpa, American Pacific (AMPAC) legal representative Rene Soto told reporters a US court has agreed to examine a suit filed by AMPAC against the Honduran government in connection with privatization of Cementos de Honduras in mid-1991. (See CAU 09/27/91 for previous coverage.) According to Soto, on Aug. 5 a judge in Miami (Florida) ruled that his court had jurisdiction over the case based on the fact that negotiations culminating in the signing of a letter of intent which outlined terms of the sale of Cementos de Honduras to AMPAC took place in Miami. AMPAC is seeking US\$1.5 million in punitive damages from the Honduran government. According to Soto, after the government publicly issued a call for bids on Cementos de Honduras on April 30, 1991, AMPAC was the only firm to submit an offer. AMPAC's bid of US\$89 million, he added, was consolidated in a July 10 letter of intent signed by representatives of the two parties. Following fierce opposition to the deal by Honduran businesspersons, the legislature forced cancellation of talks with AMPAC, arguing that certain legal procedures had been ignored in the deal, and called for a second round of bids. AMPAC refused to participate in the second round, and Cementos de Honduras was subsequently sold to a group of Honduran investors. (Sources: Agence France-Presse, Agencia Centroamericana de Noticias-Spanish news service EFE, 08/20/92)

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