



Doing Business in HONDURAS:

Country Commercial Guide for U.S. Companies

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Chapter 1: Doing Business In HONDURAS

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Market Overview

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U.S. exporters enjoy an enviable position in the Honduran market, and saw this position improve after the 2006 implementation of the Central American Free Trade Agreement (CAFTA-DR), which was signed by the U.S., Honduras, El Salvador, Nicaragua, Costa Rica, Guatemala, and the Dominican Republic in August 2004. Honduras was the second country to ratify CAFTA-DR, which entered into force for Honduras on April 1, 2006, one month following El Salvador and the United States. CAFTA-DR eliminates most tariffs and other barrier for U.S. goods destined for the Central American market, provides protection for U.S. investments and intellectual property and creates more transparent rules and procedures for conducting business. CAFTA-DR also aims to eliminate intra-Central American tariffs, and facilitate increased regional trade, benefiting U.S. companies manufacturing in Honduras.

Over the past decade, U.S. exports to Honduras have increased both in terms of absolute dollar value and in terms of market share. Leading U.S. exports include: cotton yarns and textile fabrics; petroleum products, food processing and packaging equipment; processed foods and cereals, auto parts and transportation machinery; travel and tourism services; hotel and restaurant equipment; paper/paperboard; printing and graphic arts equipment; safety and security equipment; electrical machinery and equipment; plastics; and renewable energy equipment.

The U.S. is the chief trading partner for Honduras, supplying 52 percent of Honduran imports and purchasing approximately two-thirds of Honduran exports. U.S. exports to Honduras grew by 49 percent from 2005, the year prior to implementation of CAFTA-DR, to 2008, reaching \$4.85 billion. The difficult global economic environment beginning in late 2008 and continuing through 2009, coupled with a domestic political crisis, led to a 30.17 percent decline in U.S. exports to Honduras in 2009 to \$3.38 billion.

Tariffs on most goods from outside the Central American Common Market (CACM) are currently within the zero to 15 percent range. With CAFTA-DR implemented, about 80 percent of U.S. goods now enter the region duty-free, with tariffs on the remaining 20 percent to be phased out within 10 years. Nearly all textile and apparel goods that meet the Agreement's rules of origin became duty-free and quota-free immediately, thus promoting new opportunities for U.S. fiber, yarn, fabric, and apparel manufacturers. Honduras is the seventh largest exporter of apparel and textile products by volume to the U.S. market behind countries such as Mexico and China, and first among Central American and Caribbean countries.

The total value of U.S. investments in Honduras on an historical cost basis at the end of 2008 was \$700 million, according to the U.S. Department of Commerce. Foreign investment inflows increased 38 percent in 2007 to \$927 million, and remained fairly steady in 2008 at \$900 million. Major investment investments include telecommunications, financial and manufacturing sectors. The global economic downturn, coupled with uncertainty due to Honduras's political crisis, led to a virtual halt on investment flows in 2009.

The Honduran government is generally open to foreign investment, with limited restrictions and performance requirements, although some U.S. investors have experienced extensive waiting periods for environmental permits and other regulatory and legislative approvals.

Preceded by a political crisis which led to the ouster of President Manuel Zelaya, Honduran general elections (including presidential, parliamentary, and local) took place in November 2009, and 56 percent of voters elected National Party's Porfirio Lobo Sosa as the new President of Honduras, to serve a four-year term starting January 27, 2010.

Economic growth, as measured by the Gross Domestic Product (GDP), grew more than 6 percent a year 2004-2007, led by the construction, agricultural and financial sectors but slowed to about 4 percent in 2008. In 2009, the Honduran economy contracted and GDP growth measured negative 2.1 percent. Honduran Central Bank estimates for GDP growth in 2010 are between the 2.2 and 3 percent. Remittances inflows from Hondurans living abroad, particularly in the United States, are the largest source of foreign income and a major contributor to domestic demand. Remittances totaled USD 2.48 billion in 2009, down 11.8 percent from 2008 levels; this is equivalent to almost one-fifth of Honduras' GDP.

Overall, Central America and Honduras enjoy relative stability, growing economies, proximity to the U.S., and adequate port infrastructure, all of which make these markets attractive for U.S. exports. Regional integration should spur investment, growth, trade and continued market opportunities for U.S. firms in coming years.

Market Challenges

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Honduras needs to overcome various issues in order to maintain economic growth and reduce poverty. These include promoting investment, maintaining macroeconomic stability, and increasing the private sector's competitiveness in order to reap the benefits of free trade agreements like CAFTA-DR.

Honduras's investment climate is hampered by high levels of crime, a weak judicial system, low education levels and poor infrastructure, including transportation. The lack of judicial security and endemic corruption are major problems for the investment environment. Judicial processes are long and opaque, and property titles are frequently not respected. Honduras came in behind all other CAFTA-DR countries both in the 2008 Transparency Perceptions Index and in the 2009 World Bank Doing Business Index. With a score of 2.6 out of 10 on the former, Honduras is considered to have a significant corruption problem.

The impressive economic growth of the past four years – averaging more than 6 percent per year – has begun to make inroads against the endemic poverty in Honduras. However, serious distortions in the employment market persist. Honduras remains one of the poorest countries in Latin America with a per-capita GDP in 2008 of \$1,845. About 38 percent of the workforce is considered either unemployed or underemployed. This does not include the roughly 1 million Hondurans who have immigrated – legally or illegally – to the United States in search of jobs or better economic opportunities. The economic growth rate slowed to negative 2.1 percent in 2009, primarily due to the global economic slowdown and a domestic political crisis.

Personal security is a major concern in Honduras, with theft, pickpocketing, and armed robberies occurring frequently in urban areas. Furthermore, Honduras' already high rates of murder and other violent crimes are rising. The murder rate is roughly eight times that of the United States and is one of the highest in the hemisphere. American tourists and business people are not generally targeted because of their nationality, nevertheless some have fallen victim just like other local residents. Kidnappings for ransom increased significantly in 2008. To combat these problems, the Honduran government says it is focused on poverty alleviation and job creation.

Market Opportunities

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Although 2010 may still be a difficult year of transition for Honduras, economic activity is picking up and overall prospects for the Central American region remain positive. Central America offers a market of 32 million people with annual manufactured imports from the U.S. totaling more than \$19 billion. This makes Central America a better market for U.S. exporters than many other markets where the competition and travel distance is much greater. Worker remittances from relatives in the U.S. are an important source of foreign exchange and help guarantee funding for continued importation of U.S. goods and services.

Regionalization is quickly becoming a common business practice. Factories and distribution facilities are located to serve the regional market. Rarely does a U.S. businessperson visit just one Central American country. New investors weigh the advantages each country offers as they seek locations for new plants. Regional managers with responsibilities for multiple countries within the market are becoming the norm. Trade among Central American countries has increased dramatically. Among the leading sectors for U.S. exports and investment are safety and security equipment, travel and tourism services, automotive parts and service equipment, textile and apparel inputs, paper/paperboard, electrical machinery, printing and graphic arts equipment, food processing and packaging equipment, processed foods, hotel and restaurant equipment, general consumer goods, franchising and renewable energy equipment.

According to the 2010 World Bank Doing Business Index, the time required for establishing an enterprise in Honduras was reduced to an average of 14 days in 2009 from 21 days in 2008 and significantly less than the average of 62 days in 2005.

Market Entry Strategy

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For marketing purposes, Honduras can be divided into two regions: the North Coast,

including San Pedro Sula, the country's commercial and industrial capital; and the Central region, where Tegucigalpa, the political capital and largest city, is located. Tegucigalpa and San Pedro Sula are the major distribution centers for imported goods. A single distributor or representative is sufficient to cover all of Honduras, and they tend to carry broad lines of products on a non-exclusive basis.

Honduras, located in the heart of Latin America, is only at a 2-hour flight from several U.S. gateway cities, and 48 to 72 hours by sea. With the lowest logistical costs in the region, Honduras also serves as a distribution platform for the rest of Central America. Puerto Cortés, the largest deep-water port in the region, is the first port in Latin America to qualify under both the Megaports and Container Security Initiatives (CSI), which now make approximately 90 percent of all transatlantic and transpacific cargo imported into the U.S. subject to prescreening prior to import.

Price is among the most important selling factors in Honduras. In many cases, Honduran business people buy directly from the source if they feel that the cost-savings is sufficiently advantageous. The local banking system is traditionally conservative and generally extends only limited amounts of credit, though looser monetary policies and increased competition from regional and international banks including HSBC and Citigroup led to an expansion of consumer credit in 2007. U.S. exporters that offer attractive financing terms on sales to Honduran traders have the best chance of gaining market share. Most non-agricultural duties were eliminated with the implementation of CAFTA-DR. The duty assessed by the Honduran government at the time of customs clearance ranges from 0 to 15 percent for select items.

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Chapter 2: Political and Economic Environment

For background information on the political and economic environment of Honduras, please click on the link below for U.S. Department of State Background Notes.

<http://www.state.gov/r/pa/ei/bgn/1922.htm>

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Using an Agent or Distributor

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The civil and commercial codes, Decree Law No. 549, Official Register (La Gaceta) No. 22366, of December 7, 1977, govern the principal-agent relationship in Honduras. This law, entitled "Law on Agents, Distributors and Representatives of Domestic and Foreign Companies," includes a provision for penalties for wrongful termination that discourages exclusive distribution agreements. For new-to-market or new-to-export companies, authorized distributorship arrangements or renewable periods of representation are recommended over exclusivity contracts, unless the relationship has proven to be stable and profitable for both parties. For contractual relations entered into after the date of entry into force of the CAFTA-DR Agreement (April 1, 2006), the following special regime obligations apply:

Honduras may not require that a representative, agent, or distributor be a national of Honduras or an enterprise controlled by Honduras nationals;

Honduras may not require a goods or service supplier of another Party to supply such goods or services in Honduras by means of a representative, agent, or distributor, except as otherwise provided by law for reasons of health, safety, or consumer protection;

Honduras shall provide that: the fact that a contract of representation, distribution, or agency has reached its termination date shall be considered just cause for goods or service supplier of another Party to terminate the contract or allow the contract to expire without renewal; and any damages or indemnity for terminating a contract of representation, distribution, or agency, or allowing it to expire without renewal, without just cause shall be based on the general law of contracts;

Honduras shall provide that: if the amount and form of any indemnification payment is not established in a contract of representation, distribution, or agency and a party wishes to terminate the contract: the parties may agree to resolve any dispute regarding such payment in the Center for Conciliation and Arbitration of Honduras, or if the parties agree otherwise, to another arbitration center; and in such proceeding general principles of contract law will be applied; in any decision awarding an indemnity calculated under Article 14 of Decree Law No. 549, the amount shall be calculated as of the date of entry into force of the CAFTA-DR Agreement, expressed in terms of Honduran Lempiras as of that date, and converted into U.S. dollars at the exchange rate in effect on the date of the decision. Decree Law No. 549 applies to a contract only if the representative, distributor, or agent has registered with the Ministry of Industry & Trade (SIC).

Although a U.S. firm may export directly to Honduran companies, appointing a local agent, representative, or legal advisor is strongly recommended to help with import procedures, sales promotion and after-sales service. Independent intermediaries are especially important for smaller companies, as their knowledge of the market and of the relevant business customs and practices adds to the strength of the U.S. manufacturer/exporter. U.S. companies are advised to evaluate local prospects in terms of the services and benefits provided, considering factors such as location, financial strength, quality of the sales force, warehousing facilities, reputation in the market, outlay on advertising, product compatibility and overall experience. Prior to entering into a commercial relationship, U.S. companies should visit potential partners or agents in Honduras.

Renewable periods for representation and non-exclusive relationships are strongly recommended when drawing up the agent/distributor agreement. After successfully locating prospective intermediaries, U.S. exporters should contact a Honduran lawyer for assistance with key issues such as contract arrangements, taxation, residence permits, and advice on protection of intellectual property. The Embassy Commercial, Economic, and Consular Sections can provide a list of attorneys (see web resources section). A written agreement often avoids later disputes and misunderstandings between the U.S. firm and the local partner. Both of the country's largest chambers of commerce, the Chamber of Commerce and Industry of Tegucigalpa (CCIT) and the Chamber of Commerce and Industry of Cortés (CCIC), have established International Arbitration Centers for alternative dispute resolution.

Exporters of pharmaceuticals, agro-chemicals, food items, animal feeds and medicines are required to register their products before they can be sold in the Honduran marketplace. Pharmaceuticals, food items and medicine-related products must be registered with the Ministry of Public Health. Agro-chemicals and animal feeds must be registered with the Ministry of Environment and Natural Resources.

In compliance with the CAFTA-DR agreement, U.S. firms are no longer required to participate in public tenders through a local authorized agent or representative. In terms of participation in international public bids in general, foreign firms engaged in the execution of construction, design, consulting, and rehabilitation projects are required, under the State Contracting Law, to register provisionally at the Company Registration and Classification Committee of Civil Engineers (CIRCE). Once a contract for a specific project has been awarded, foreign firms are required to register on a permanent basis with the Honduran Organization of Civil Engineers (CICH). In general, since the time frame between the public bid announcement and the presentation of bids is often short,

having a local partner enhances the U.S. firm's ability to prepare a competitive offer.

Selection of the appropriate agent or distributor requires time and effort. The U.S. Department of Commerce offers several services to U.S. firms interested in finding a partner or distributor for their product or service. The U.S. Commercial Service (USCS) offers free and intensive one-on-one counseling plus low-cost, highly effective programs to help U.S. businesses establish or expand their foreign markets. The Commercial Section of the Embassy can locate interested, qualified representatives in potential markets in Honduras through its International Partner Search (IPS) service. A U.S. firm may also check the background and reputation of a prospective partner through the International Company Profile Report (ICP). Through its Gold Key Service, the Commercial Section can schedule appointments, arrange translators and make reservations for U.S. businesses searching for partners or customers in Honduras. The IPS and ICP, as well as other valuable services, are also available for a nominal fee through the U.S. Export Assistance Centers (USEACs) of the U.S. Department of Commerce, located in 111 U.S. cities. For additional information on export-related assistance and market information offered by the federal government, U.S. companies may visit www.export.gov or call 1-800-USA-TRADE.

Establishing an Office

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Efforts are underway in Honduras to streamline registration requirements for establishing an office. An important step in this regard has been enactment of a law on simplification of administrative procedures in setting up a company (Article 308 of the Commercial Code, Decree No. 255-2002). Significant improvements have been made in eliminating a series of long and costly administrative obstacles. Through efforts led by the Foundation for Investment and Export Development (FIDE) and the National Competitiveness Program, and in collaboration with the Chamber of Commerce of Tegucigalpa (CCIT), the steps for launching a business in Honduras have been reduced from 62 days in 2005 to an average of 14 days in 2009.

In recent years, Honduras has reformed and improved its position of “ease of doing business” in the following four major areas: starting a business, dealing with licenses, getting credit, and registering property. According to the World Bank’s Doing Business 2009 report, one area which still needs further improvements is the efficiency of contract enforcement in Honduras (which is measured by the time, cost, and number of procedures involved in the evolution of trade disputes).

Foreign businesses setting up operations in Honduras are subject to the Commercial Code, which recognizes several types of mercantile organizations: individual ownership, general partnership, simple limited partnership, Limited Liability Company (LLC), corporation and joint stock company. The most common and economically significant legal entities are corporations (*sociedad anónima*, or SA) and Limited Liability Companies (*sociedad de responsabilidad limitada*, or SRL). Starting capital for a limited liability company should be no less than 5,000 lempiras (approximately \$265) and include at least two partners at all times. Required starting capital for a stock company or corporation is 25,000 lempiras (approximately \$1,315) and include at least five partners at all times.

An Environmental Impact Assessment, obtained through the Ministry of Natural Resources and the Environment (SERNA), is an important requirement for any project, industrial facility, or other public or private activity that could generate potential harm to the environment, natural resources, or national cultural and historical sites. Additional information for doing business in Honduras, as it pertains to the specific requirements for different sectors of investment, is available through the Ministry of Industry and Trade (SIC) at <http://www.sic.gob.hn>.

The following information prepared by the World Bank summarizes the steps involved in setting up a business in Honduras (based on a Limited Liability Company). Thanks to an innovative partnership with the Government of Honduras, some of these 13 steps can be handled by the Chamber of Commerce of Tegucigalpa, slightly reducing the time and effort required to establish a business:

1. Procure a certificate of deposit at a local bank; pay the registry fee.

Time to complete: 1 day; Cost to complete: no charge

2. Establish the company before a Notary Public, who will draw up the instrument of organization.

Time to complete: 2 days; Cost to complete: notary fees of 5 percent for up to Lps.25,000 and 3 percent over Lps.25,000 of starting capital.

Comment: The process is known as Simultaneous Organization ("Fundación Simultánea"). The company may be established as: a) Simultaneous Organization; or, b) Public Subscription. The constitution instrument should be written in a special paper called stamped paper ("Papel Sellado"). The sealed paper has a value of Lps. 5. It is used by the Notary Public for its protocol, which entails the collection of original signed documents in notary custody, as well as the "Testimonio," or the copy that will be filed with the civil judge for Commercial Registry.

3. Request an authorization to conduct commercial activities in Honduras from the Ministry of Industry and Trade (SIC). Publish the registration notice in "La Gaceta", the official legal journal, or a widely circulated daily newspaper.

Time to complete: 1 day; Cost to complete: \$35 for advertising in "La Gaceta;" \$ 15 for a local newspaper.

4. Purchase the contract stamps and bar stamps from commercial banks.

Time to complete: 1 day; Cost to complete: provided below.

Comment: Registry Stamps and Contract Stamps are printed in the same paper, design and denominations available are Lps.0.50, Lps1.00, Lps.5.00, Lps.10.00, Lps.20.00, Lps.50.00, Lps.100.00, Lps.500.00 and Lps.1,000. There are no written or design differences between these stamps. They can be bought at the Honduran Central Bank (Banco Central de Honduras) or through the national banking system. Bar Stamps (Timbres del Colegio de Abogados) have their own unique design and values and can be procured through either Banco Atlántida S.A. or Banco de Occidente.

5. File the articles of incorporation with the Mercantile Registry. There are 24 public registry centers throughout the country. For the capital city and San Pedro Sula, this step is conducted at the Chamber of Commerce of Tegucigalpa (CCIT) and the Chamber of Commerce of Cortés (CCIC), respectively. For the rest of the country, it is conducted at the registry centers of the Property Office.

Time to complete: 5 days

Cost to complete: Lps.1.50 for each Lps.1,000 of corporation capital (Derechos de registro/registration fees) plus Lps.30 for the first Lps.300,000 of capital and Lps.10 for each Lps.100,000 after Lps.300,000 thereafter (Bar stamps/Timbres del Colegio de Abogados).

6. Apply for a tax identification code (Registro Tributario Nacional, RTN) at the Dirección Ejecutiva de Ingresos (DEI), Ministry of Finance.

Time to complete: 1 day; Cost to complete: no charge

Comment: All natural or juridical persons must obtain a RTN. In order to obtain the RTN, the Notary who authorizes the incorporation deed must send a note to the administrative authority informing them of said incorporation.

7. Acquire legal accounting and "minutes" books

Time to complete: 1 day; Cost to complete: approximately \$180

Comment: The minutes books can now be authorized as separate bound sheets.

8. Register with local and national Chambers of Commerce.

Time to complete: 1 day; Cost to complete: nominal

9. Apply for an operational permit (Permiso de Operación) from municipal authorities. This step can now be conducted directly by the company, without the services of an attorney.

Time to complete: 1 day (prior to February 2007, it took 35 days); Approximate cost: Lps. 1,250 + Lps. 1,000 for professional fee.

Comment: To obtain the operational permit, it is necessary to fulfill some or all of the following requirements, depending on the type of industrial or commercial activity:

- a) Copies of the personal identification card and municipality tax solvency of the General Manager;
- b) Copy of the RTN;
- c) Copy of the company's articles of incorporation (Escritura de constitución de la compañía)
- d) Copy of the cadastral code (Clave cadastral) corresponding to the place in which the corporation will operate its business;
- e) Zoning record;
- f) Environmental impact assessment;
- g) Tenancy agreement and income tax solvency record of the owner of the place in where the corporation will operate;
- h) Cadastral inspection in the place in which the corporation will operate its business;
- i) Payment of the following taxes (approximate total cost of Lps. 1,250):
nomenclature taxes; zoning tax; inspection tax; code tax; environmental tax; annual fire department and garbage department taxes.

10. Register for sales tax and acquire authorization of the company books

Time to complete: 7 days, simultaneous with step 8

Cost to complete: nominal

Comment: According to the Tax Code (Código Tributario), corporations are required to file their constitution instrument and operation permits with the Minister of Finance, in order to pay sales taxes imposed on the sale of goods or services.

11. *Register with the Social Security Institute (Instituto Hondureño de Seguridad Social,

IHSS)

Time to complete: 3 days (simultaneous with step 8); Cost to complete: No charge

Comment: IHSS is the national social security hospital and patient care institution for company workers and their dependants. Corporations are required to contribute 5 percent of each employee's salary for illness and maternity (Enfermedad y Maternidad, EM), plus 2 percent for disability, old age and death, (Invalidez, vejez y muerte, IVM).

12. *Register with the National Vocational Training Institute (Instituto Nacional de Formación Profesional (INFOP))

Time to complete: 1 day (simultaneous with step 8); Cost to complete: No charge

Comment: Employers are required to contribute 1percent of the company's total payroll to INFOP.

13. *Register with the Social Housing Fund (Régimen de Aportación, (RAP) al Fondo Social de la Vivienda (FOSOVI))

Time to complete: 1 day (simultaneous with step 8); Cost to complete: No charge

Comment: If a corporation has more than 10 employees, it is required to contribute 1.5 percent of each employee's salary.

Note: Steps marked with an asterisk (*) may be completed simultaneously.

Additional Sources of Information:

World Bank/Doing Business

<http://www.doingbusiness.org>

National Competitiveness Program

<http://www.hondurascompite.com>

Ministry of Industry and Trade (SIC)

<http://www.sic.gob.hn>

Property Office (Mercantile Registry)

<http://www.ip.hn>

Chamber of Commerce and Industry of Tegucigalpa

<http://www.ccit.hn>

Chamber of Commerce and Industry of Cortés

<http://www.ccichonduras.org>

Franchising

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In recent years the number of U.S. franchises operating in Honduras has grown rapidly. About 65 foreign firms now operate in Honduras under franchising agreements. The majority are fast-food and casual restaurants, such as Chili's, T.G.I. Friday's, Applebee's, Tony Roma's, Ruby Tuesday, UNO Chicago Grill, Pizza Hut, Burger King, McDonald's, Wendy's, Subway, Church's Chicken, Sbarro, Chester's, Cinnabon, Auntie Anne's Pretzels, Popeye's, Domino's Pizza, Quiznos, Dunkin Donuts/Baskin-Robbins, Little Caesar's and Kentucky Fried Chicken (KFC). Among other foreign businesses operating under franchise agreements are automotive aftermarket services, clothing, movies and entertainment, cleaning and pest control, health and fitness, electronics, cosmetics and toiletries, business services, convenience stores, dry-cleaning, car rental, mailing, and fast-printing. In addition, several major hotel chains have entered the market through either the construction of new facilities or acquisition of existing properties. These include Inter-Continental Hotels Group (InterContinental, Crowne

Plaza, and Holiday Inn), Choice Hotels International (Clarion), Wyndham Worldwide (Microtel Inn & Suites) and Marriott International. Demand in this sector has generally been spurred by local need for quick services, convenient hours and locations, quality products, and most importantly, solid customer service. Honduras has no locally developed franchises.

Franchising presents opportunities for growth and expansion of U.S. business. Regional stability and increased investor confidence have contributed directly to the broad availability of U.S. franchises in various economic activities. For franchisers in Honduras, positive market entry factors include availability of suppliers and personnel, absence of trade barriers, and high receptivity to U.S. goods and services (especially if no equivalent local product or service exists). In addition, CAFTA-DR and the Honduran Investment Law (2002) provide for national treatment for most foreign direct investment, guaranteeing foreigners the right to freely establish, acquire, and dispose of interests in business enterprises within constitutional bounds.

Finding the right partner will determine the ultimate success or failure of a franchise venture in Honduras, thus potential franchisees must be carefully selected. The most promising candidates are those with proven financial resources who have already established a successful business in the country.

Direct Marketing

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Direct marketing remains a relatively new concept in Honduras, primarily due to underdeveloped telecom and mail delivery infrastructures. For example, obtaining reliable street addresses is problematic, as the use of “reference” addresses (and not street names and numbers) is common practice. Mail advertising of products and services is generally conducted through credit card companies and financial institutions, thus limiting the target market to their respective clients. Local company listings and mailing information can be obtained through chambers of commerce and industry associations.

Although internet-based direct marketing solutions are rapidly evolving and the number of Hondurans who are regularly on-line is increasing, internet access in Honduras is still low. International Telecommunications Union (ITU) 2007 data reports 5.97 users per 100 inhabitants.

Overall growth in cable TV and internet subscriber markets is creating increased opportunities for direct TV sales and e-mail-based promotional campaigns. TV Offer, Ofertel (direct response TV), Avon Oriflame and Rommanel (catalog and door-to-door sales) are among the companies that currently utilize non-conventional distribution channels). Mobile operators are also utilizing direct marketing tools, such as text messaging, for advertisement purposes.

Only a small percentage of Honduran businesses are currently utilizing call centers to interact with their customers. Call centers are most common for airlines, commercial banks and insurance companies, which are generally not operated locally.

The Honduran Investment Law (Decrees #80-92) allows foreign investment and joint ventures between national and foreign investors through the execution of contracts whereby the contracting parties may contribute land, capital, services, technology, technical assistance or other assets for the production or marketing of goods and services. Licensing agreements, in which foreign firms are authorized to produce a patented product in exchange for royalty payments, are also guaranteed under the country's regulatory framework for investment. Laws applicable to joint venture and sharing contracts are also contained in Chapter XIII, Title II, Book IV of the Commercial Code. Joint ventures are commonly established in Honduras to compete for government contracts or in heavily regulated sectors.

Joint venture initiatives offer a wide variety of opportunities for investment and strategic alliances. The 1992 Investment Law stipulates that, with few exceptions, there are no limits on the percentage of capital that can be owned by a foreigner. Although no special policy exists to regulate joint ventures, in certain sectors majority control must be in the hands of Honduran nationals. These exceptions include companies that wish to take advantage of the Agrarian Reform Law; wish to obtain commercial fishing rights; are local transportation companies; or seek to operate radio or TV stations. The greatest opportunities for joint ventures are in the industrial, agricultural, tourism, power generation, forestry, construction, and service sectors. The Commercial Section regularly submits reports to the Department of Commerce regarding Honduran firms interested in pursuing joint ventures.

The Foundation for Investment and Development of Exports (FIDE), a private institution funded by the United States Agency for International Development, supports the development of new export and investment sectors, works with local businesses to strengthen their capacity to attract foreign joint venture partners, and locates appropriate manufacturing facilities for investors. Additional information on FIDE's investment promotion programs is available at <http://www.hondurasinfo.hn>.

The Constitution of Honduras requires that all foreign investment complement, but not substitute for, national investment. In certain types of industries, majority Honduran ownership is required (see section VII, Investment Climate, Openness to Foreign Investment). There are also limits on the amount of land a single corporation may own.

Licensing of foreigners to practice law, medicine, engineering, and other professions is tightly regulated by national professional organizations. Most bodies have developed procedures for the temporary licensing for foreign professional service.

Except for foreign currency earned by companies operating in free-trade zones and industrial parks, Honduran law dictates that all export foreign exchange earnings be repatriated. The liberalization of Honduras's foreign exchange regime now makes it easier for companies operating in the country to remit dividends and royalties, return capital overseas, and make payments on foreign debt. Foreign exchange authorizations by the Central Bank have been eliminated, and foreign debt authorizations now take less than 48 hours to obtain. Remittances of dividends and royalties must still be approved by the Central Bank.

Taxation is an important issue to consider when investing in Honduras. The Financial Balance and Social Protection Act, Decree 194-2002 of June 5, 2002, introduced changes to the income tax, business assets tax, sales tax and car registration duties. Decree 131-98 of May 20, 1998 established a 4 percent tax on tourism-related services (including hotel accommodations, car rentals, and travel agents). Hotels and lodging facilities that serve low-income clientele and are designated by the Honduran Ministry of Tourism are exempt.

The corporate tax rate is 25 percent of gross taxable income. Except for firms operating in the industrial parks, located in the free tourism zones (ZOLT) or under the Temporary Import Regime, income tax is payable on income derived from operations within Honduras. The annual period for computing the tax on taxable income begins on January first (1) and ends on December thirty-first (31).

Non-resident aliens (and foreign companies not located in Export Processing Zones or Free Trade Zones) are only taxed on the gross income earned in Honduras. A 25 percent income tax is assessed on royalties for use of copyrights, patents, trademarks, and designs. Wages, salaries, commissions, or any other types of compensation are taxed at 35 percent. Capital gains are taxed as normal income, while capital losses can be used to offset capital gains only from the same period. Income from public shows is taxed at 30 percent, and insurance premiums at 15 percent. Honduras also collects excise, property, and municipal taxes based on income obtained during the previous year.

Other percentages taxed on gross income earned in Honduras include films and videotapes for movies and television: 10 percent; royalties for mining, quarrying and other natural resource operations: 10 percent; income from the operation of airplanes, vessels and land vehicles: 10 percent; income from operations of communication firms: 5 percent; interest earned on bonds, notes, securities, and other obligations: 5 percent; any other income not covered above: 20 percent.

Public or private legal, juridical or conventional persons who make payments or grant credits to natural/individual or legal, juridical or conventional persons who are residents of Honduras but who are not exempt from the income tax, must withhold and pay to the tax authorities 12.5 percent of payments made or credits granted for professional fees, per diem allowances, commissions, awards, bonuses, and remuneration for technical services. Payments made under labor contracts entered into during the fiscal year, the fees for which are the sole source of income and do not exceed Lps. 90,000.00, are exempt.

A 1 percent tax on net assets in Honduras applies to companies whose capital is greater than Lps. 750,000. However, the income tax paid by these companies is credited against the net assets tax, and many companies do not have any additional liability. Exempt from the net asset tax are individuals whose total net assets do not exceed Lps 3,000,000 (\$158,000); businesses in pre-operative stages; businesses operating in free trade zones, industrial processing zones, tourism free zones and maquilas; banks, financial and insurance companies, investments in securities and holding companies. Income tax paid during the previous year constitutes a credit in favor of the net assets tax.

There are no tax treaties between the U.S. and Honduras other than the Tax Information Exchange Agreement (TIEA), signed between the United States and Honduras in 1991.

Selling to the Government

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Honduras is subject to all government procurement provisions contained in CAFTA-DR. CAFTA-DR eliminated a local requirement that required foreign firms to act through a local agent (who was at least 51 percent Honduran-owned). CAFTA-DR requires fair and transparent procurement procedures, including advance notice of purchases and timely and effective bid review procedures. Under CAFTA-DR, U.S. suppliers are permitted to bid on procurements covered by the agreement for most Honduran government entities, including most key ministries, on the same basis as Honduran suppliers. The anti-corruption provisions in the agreement require each government to ensure that bribery in matters affecting trade and investment, including in government procurement, is treated as a criminal offense, or is subject to comparable penalties, under local law.

Foreign companies may appoint a local representative, through a power of attorney, to help them navigate the procurement maze. Bids are evaluated based on cost, delivery time, reputation of the firm, technical support, performance in previous contracts and specific aspects related to each particular bid. Honduras is not a signatory to the WTO Multilateral Agreement on Government Procurement (GPA), and as such does not necessarily use the same procedures as other signatories.

Under the Government Contracting Law, which entered into force in October 2001, all public works contracts over one million Lempiras (approximately \$53,000 as of March 2009) must be offered through public competitive bidding. Public works contracts between 500,000 and one million Lempiras (\$26,000 and \$53,000) can be offered through a private bid. Contracts less than Lps. 500,000 (\$26,000) are exempt from the bidding process. Government purchases and project acquisitions are generally exempted from import duties.

Winning contracts with the Honduran government can be challenging, even for large companies. Some foreign firms have complained of mismanagement, bureaucratic delays, inadequate notification procedures, and lack of transparency in the bidding process. One way in which the Honduras government has tried to improve transparency and fairness in government procurement, however, is by contracting with the United Nations Development Program (UNDP) to manage procurement for a number of specific projects and state-owned entities.

Efforts for strengthening the country's procurement systems are also underway. In order to facilitate dissemination of public bidding opportunities, the Honduran government recently established an online Contracting and Procurement Information System known as "Hondocompras", which can be accessed at www.hondocompras.gob.hn and is administered by the State Procurement Agency (ONCAE). In January 2008, as part of ONCAE's State Contracting and Procurement Efficiency Program, Honduras implemented a new national "Standard Bidding Document" that is deemed acceptable to multilateral financing entities such as the Inter-American Development Bank (IADB) and the World Bank. It improved several aspects of the government procurement process.

Local government tender announcements and other pre-qualified trade opportunities may also be accessed through the Trade Leads Program database of the U.S. Department of Commerce at www.export.gov.

Distribution and Sales Channels

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Located in the heart of Central America, Honduras is only at a 2-3 hour flight from several U.S. gateway cities, and 48 to 72 hours navigation time to ports in the southeastern U.S. With the lowest logistical costs in the region, Honduras is also a distribution platform for the rest of Central America. Honduras has ports on both the Atlantic and Pacific Oceans that are served by a number of shipping companies linking the country with the U.S., Europe, Asia, and the rest of the Western Hemisphere. The northern port of Puerto Cortés, located 34 miles (55 km.) from the industrial city of San Pedro Sula, is Honduras' principal seaport and the largest deep-water port in the region. It manages over 80 percent of the maritime traffic handled by Honduras, plus cargo from El Salvador and Nicaragua. Puerto Cortés operates 24 hours a day and is the first port in Latin America to qualify under both the Megaports and Container Security Initiatives (CSI). These initiatives allow approximately 90 percent of all transatlantic and transpacific cargo imported into the U.S. to be prescreened prior to importation.

Honduras also has a 13,603 km official road network connecting the ports and airports with the secondary cities and rural areas of the country. It has good surface connections with the rest of Central America, and the domestic road network has generally satisfied local and foreign companies' distribution and transportation needs. Honduras is also moving forward with a \$470 million "dry canal" project, a four lane superhighway that will connect Puerto Cortés on the Caribbean with the Port of La Unión in El Salvador on the Pacific. This major infrastructure project, which is expected to be completed by the year 2013, will boost the country's logistics and distribution network.

Distribution channels in Honduras are similar to those in the U.S. Honduras has fewer levels of distribution and a more limited number of specialty, chain, and department stores. However, new investments in construction of large shopping malls and other smaller mixed-use commercial centers in strategic urban areas, as well as big retail stores such as PriceSmart and HyperPaiz (Wal-Mart), are good indicators of increasing opportunities in the retail distribution sector.

Tegucigalpa and San Pedro Sula are the major distribution centers for imported products. The coastal city of La Ceiba is one of the fastest growing regions in Honduras, attracting a significant number of commercial outlets and retail chains. The most common alternative channels include selling directly to customers, selling through intermediaries based in the United States, and selling through local distributors/representatives. Given its relatively small size, U.S. firms will find that a single distributor or representative is sufficient to cover all of Honduras. The Honduran market has traditionally been highly receptive to U.S. products and services. To market aggressively, U.S. exporters should establish local representation or a local sales office.

Representatives and distributors tend to carry rather broad lines on a non-exclusive basis. The number of full-service local distributors that stock large inventories of parts and equipment are limited. Many local buyers make direct contact with U.S. suppliers at the factory or warehouse level. Storeowners often buy goods in small lots from stores,

export brokers, or wholesalers in the U.S., primarily Miami, New Orleans and Houston. With the implementation of the CAFTA-DR Free Trade Agreement, an increasing number of Honduran importers are seeking U.S. suppliers of goods and services in order to expand market opportunities.

Selling Factors/Techniques

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When selling in Honduras, U.S. exporters must take into account that for marketing purposes, the country is divided into two regions; the North Coast, which includes San Pedro Sula, the country's commercial and industrial capital; and the Central region, where Tegucigalpa, the political capital and largest city, is located.

Large importers and distributors in Honduras usually have offices in both cities to take advantage of market opportunities. In some instances, large international firms have granted exclusive distributor rights; i.e., one exclusive distributor in San Pedro Sula and another in Tegucigalpa. These types of arrangements are acceptable under current Honduran law.

Price is among the most important selling factors in Honduras. Consumer product categories such as electronics, appliances, automobiles, and food are highly competitive. In these cases, sales promotion and customer service efforts by U.S. companies are extremely beneficial. For optimal marketing results, sales and promotional materials should be translated into Spanish. U.S. products are often preferred based on quality, technology, reliability, and availability. Adapting products and services to the local culture is also an important factor for remaining competitive.

Importers-distributors, as well as Honduran government agencies, often have problems in securing the funds to purchase imports due to high (albeit falling) local interest rates which are generally offered only for short term loans. U.S. exporters that offer attractive financing terms on sales to Honduran traders have the best chances of gaining market share. This is particularly true for large-scale projects. It is important to emphasize, however, that international firms must exercise due caution when granting credit to Honduran trading partners. Firms should take care to investigate the creditworthiness and reputation of potential partners. For background and credit check information on prospective Honduran partners, the U.S. Commercial Service office in Tegucigalpa offers the International Company Profile (ICP) service. For more information about the ICP and other services, U.S. exporters may visit <http://www.export.gov> or call 1-800-USA-TRADE.

As in most Latin American countries, a good personal relationship with prospective customers is essential for penetrating the market. While it may take longer to develop a business relationship than is customary in the U.S., the investment in time can pay off in long-lasting and mutually profitable alliances.

Electronic Commerce

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E-commerce is gradually evolving as a trusted business tool for the transaction of goods and services in the Honduran market. Local internet connectivity is rapidly evolving at both private and government levels. For example, significant improvements have been made within the public sector, with the majority of government institutions using web-based infrastructure to facilitate information and electronic processing of documents, promote investment, and improve general services to the public. Electronic Commerce legislation, aimed at creating a more secure environment for commercial transactions over the internet, is currently under discussion at the National Congress.

An increasing number of private sector companies are also utilizing information and communication technologies (ICT) solutions as an alternative sales strategy. Among the sectors with the most potential for growth are e-tourism, e-commerce, e-education, and outsourcing. The most common type of e-commerce in Central America is business-to-consumer (B2C) websites. They are designed to attract purchases from the more than 2 million regional emigrants residing in the U.S., who are looking for ways to provide consumer goods to their families abroad.

The Central American commercial banking industry has also been very successful in developing user-friendly websites for B2B and B2C customer interactions. The online expansion has been accelerated by the arrival of global financial institutions such as GE Money, Citi, and HSBC to the region. A Honduran example is Banco Ficohsa, whose website is available to customers through mobile phones and also introduced automatic text messaging every time an account registers a transaction.

There are several consumer trade sites and gateways currently marketing products and services via the internet, especially in the areas of grocery/food, consumer household products, and tourism services. According to Credomatic Honduras, online sales in Honduras experienced an annual growth rate of 60 percent for the 2003 to 2006 period. Growth for 2009 is estimated at 80 percent and is mainly attributed to increases in online payments for cable television and college tuition. In the tourism industry alone, online purchases increased by approximately 30 percent in 2008.

Although ICT is a competitive advantage, there are still a number of obstacles that hinder the advancement of ICT solutions in the Central American region, including culture, telecom infrastructure gaps (broadband connection is less than 25 percent), the high cost of courier/mailing services, and the lack of a legal framework supporting the ICT industry. While the internet offers great opportunity to companies of all sizes, it requires a supportive environment that includes legal and governmental support as well as an information culture that educates the public and businesses about the advantages of ICT.

Although there is no domestic legislation regulating e-commerce activities in Honduras yet, CAFTA-DR includes provisions on electronic commerce that reflect its importance in global trade. Under the agreement, Honduras has committed to provide non-discriminatory treatment of digital products and not to impose customs duties on such products, as well as to cooperate in numerous related policy areas.

[Internet Usage and Population Statistics for Central America, Mexico and Panama](#)

CENTRAL AMERICA	Population (2008 Est.)	% Pop. C. A.	Internet Usage, Latest Data	% Population (Penetration)	% Users C. A.	Use Growth (2000-2008)
Belize	301,270	0.2 %	32,000	10.6 %	0.1 %	113.3 %
Costa Rica	4,195,914	2.8 %	1,500,000	35.7 %	5.4 %	500.0 %
El Salvador	7,066,403	4.7 %	700,000	9.9 %	2.5 %	1,650.0 %
Guatemala	13,002,206	8.6 %	1,320,000	10.2 %	4.7 %	1,930.8 %
Honduras	7,639,327	5.1 %	344,100	4.5 %	1.2 %	760.3 %
Mexico	109,955,400	72.7 %	23,700,000	21.6 %	84.6 %	773.8 %
Nicaragua	5,785,846	3.8 %	155,000	2.7 %	0.6 %	210.0 %
Panama	3,292,693	2.2 %	264,316	8.0 %	0.8 %	487.4 %
TOTAL CA	151,239,059	100.0 %	28,015,416	18.5 %	100.0 %	770.7 %

Source: Internet World Statistics

Trade Promotion and Advertising

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Most advertising in Honduras is conducted through newspaper, TV, and radio. Billboards are also a strong medium for reaching customers and publicity campaigns, especially as vehicle traffic increases in the main urban areas. U.S.-style unipole (advertising sign) structures are common in the local market, especially for those companies interested in increasing brand awareness or launching a new product. A number of advertising agencies are available to guide companies through the process of developing promotional activities and choosing the most appropriate media strategy.

Honduran newspapers are considered to be one of the best ways for advertising products and services. There are not a wide variety of specialized industry publications. Major local newspapers and business journals include:

Honduran Newspapers (Tegucigalpa-Based)

Diario El Heraldo

Spanish/Daily
Sub-Director: Maria Antonia Martínez
P.O. Box 1938
Tegucigalpa, M.D.C., Honduras
Tel: (504) 236-6000
Fax: (504) 221-0778
E-mail: diario@heraldo.hn
[Http://www.heraldo.hn](http://www.heraldo.hn)

Honduras This Week

English/Weekly
Manager: Mario Gutierrez
P.O. Box 1312
Tegucigalpa M.D.C. Honduras
Tel: (504) 239-0285
Fax: (504) 232-2300
E-mail: hontweek@multidata.hn
[Http://www.hondurasthisweek.com](http://www.hondurasthisweek.com)

Diario La Tribuna

Spanish/Daily
Manager: Manuel Acosta Medina
P.O. Box 1501
Comayaguela, M.D.C., Honduras
Tel: (504) 233-1283
Fax: (504) 234-2755
E-mail: macosta@latribuna.hn
[Http://www.latribuna.hn](http://www.latribuna.hn)

San Pedro Sula Based Newspapers

Diario La Prensa

Spanish/Daily
Director: Nelson Fernández
P.O. Box 143
San Pedro Sula, Honduras
Tel: (504) 553-3101
Fax: (504) 553-4020
E-mail: redaccion@laprensa.hn
[Http://www.laprensahn.com](http://www.laprensahn.com)

Diario El Tiempo

Spanish/Daily
Manager: Carlos Rosenthal
P.O. Box 450
San Pedro Sula, Honduras
Tel: (504) 553-3388
Fax: (504) 553-4590
E-mail: tiempo@continental.hn
[Http://www.tiempo.hn](http://www.tiempo.hn)

Honduran Business Journals

Hablemos Claro Financiero

Spanish/Monthly
Manager: Regina Wong
Address: Edificio Torre Libertad
Blvd. Suyapa Col. Florencia Sur
Entre Ed. Leme y Escuela Antares
Tegucigalpa, Honduras
Tel: (504) 239-4350 / 239-3916; Fax: (504) 239-7008
Email: anuncios@hablemosclaro.com
[Http://www.hablemosclaro.com](http://www.hablemosclaro.com)

Regional Business Journals

Estrategia & Negocios

Spanish/Monthly
Manager: Laura Ramos
Address: Zona Comercial
Hotel Honduras Maya
Tegucigalpa, Honduras
Tel: 220-5000, Ext 7840
E-mail: laura.ramos@grupoeyn.com
[Http://www.estrategiaynegocios.net](http://www.estrategiaynegocios.net)

Mercados Y Tendencias

Spanish/Monthly
Country Manager: Melissa Estrada
Col. Universidad, 21 Calle, 7 Ave, #11
Tegucigalpa, Honduras
Tel: (504) 232-0918; 252-7865
E-mail: info@revistamyt.com
[Http://www.grupocerca.com](http://www.grupocerca.com)
<http://www.revistamyt.com>

Central America Today

English/Bi-Monthly
Country Sales Manager: Verushka Lagos
Address: Campus Universidad de San Pedro Sula, Ave. Circunvalación, N.O.
San Pedro Sula, Honduras
Tel: (504) 563-4053
Fax: (504) 563-4054
E-mail: verushka.lagos@centralamericatoday.com
[Http://www.centralamericatoday.com](http://www.centralamericatoday.com)

Honduran Online Newspapers

Hondudiario

Executive Director: Arístides Aceituno
Address: Col. Palmira, Ave.
República de México, #2449
Tegucigalpa, Honduras
Tel: (504) 221-0385; (504) 221-1039
E-mail: hondudiario@hondudiariohn.com
[Http://www.hondudiario.com](http://www.hondudiario.com)

Proceso Digital

Director: Marlen Perdomo de Zelaya
[Http://www.procesodigital.hn](http://www.procesodigital.hn)

Trade Promotion:

In addition to the export promotion programs of the U.S. Department of Commerce, the Commercial Service (CS) in Tegucigalpa can assist U.S. companies through trade missions, seminars, conferences, catalog shows, on-line services, and matchmaking events. These programs are conducted periodically on a cost-recovery basis with pre-approved budgets.

There are a limited number of privately organized trade promotion events in Honduras. Most local trade exhibits are organized by the Foundation for Investment and Development of Exports (FIDE), in cooperation with a specific industry sponsor, as well as by the Chambers of Commerce of Cortés (CCIC), the Chamber of Commerce of Tegucigalpa (CCIT), and local industry associations.

Located in the city of San Pedro Sula, Expocentro is the biggest local trade exhibit center. Expocentro holds approximately 12 trade shows a year. For more information on trade fairs taking place at Expocentro fair grounds please contact:

Expocentro

Contact: Lilia Urrutia de Hernández, Manager
Address: Bo. Las Brisas, 22 y 24 Cille., 1 y 4 Ave., N.E.
P.O. Box 14, San Pedro Sula, Cortés, Honduras
Tel: (504) 566-0345 up to 48, fax: (504) 566-0344
E-mail: expocentro@ccichonduras.org
[Http://www.ccichonduras.org/expo](http://www.ccichonduras.org/expo)

Pricing

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U.S. exporters should keep in mind the relatively small size of the Honduran market and the high elasticity of demand for consumer products when devising marketing strategies. Price is one of the most important elements that influence the receptivity score of most Honduran imports. In many cases, Honduran businesspeople buy directly from abroad if they feel that the cost of imports available in the local market is too high. U.S. exporters should carefully analyze both the cost approach and the market approach when making pricing decisions.

Price escalation represents another important consideration in terms of export retail pricing. Products imported into Honduras are usually priced based on the C.I.F. value, import duties, in-country transportation costs, and distributor margins.

The Honduran government controls the prices for coffee and medicines and regulates the prices of gasoline, diesel, and liquid propane gas. In addition, it keeps informal control over prices of certain staple products, such as milk and sugar, by pressuring producers and retailers to keep prices as low as possible. Price-controls are also applied to cement and steel products.

The local sales tax is 12percent for most goods. Products exempted from the 12 percent tax include staple foods, purified water, medicines and pharmaceuticals, agrochemicals, educational materials, electrical power generation machinery and equipment; agricultural machinery and tools, handicrafts, and capital goods such as trucks, tractors, cranes, computers, and equipment used for the maquiladora industry. A 15 percent sales tax is also assessed on new cars, alcohol, cigarettes and tobacco products. Taxes on fuels, particularly gasoline, are among the highest in the Central American region.

Services exempt from the sales tax include utilities (electrical power and potable water), educational services, professional fees (legal, accounting, engineering, etc.), clinical and medical services, land transportation services, banking, insurance and financial services. Tourism services are subject to a 4 percent tax, with air transportation subject to a 10 percent tax.

Sales Service/Customer Support

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The availability of adequate service and support frequently makes the difference in purchasing decisions, especially by the government. In general, it is important to secure sales through an established, reputable distributor that offers an adequate service infrastructure. U.S. companies should consider providing training, technical assistance, and sales support to their local counterparts, particularly for products that require periodic maintenance and service.

Protecting Your Intellectual Property

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Introduction

Several general principles are important for the effective management of intellectual property rights (IPR) in Honduras. First, it is important to have an overall strategy to protect IPR. Second, IPR is protected differently in Honduras than in the U.S. Third, rights must be registered and enforced in Honduras under local laws. Companies may wish to seek advice from local attorneys or IPR consultants. The U.S. Commercial Service can provide a list of local lawyers upon request.

It is vital that companies understand that intellectual property is primarily a private right and that the U.S. government generally cannot enforce rights for private individuals in Honduras. It is the responsibility of the rights' holder to register, protect, and enforce his or her rights where relevant, retaining his or her own counsel and advisors. While the U.S. Government is willing to assist, there is little it can do if the rights holders have not taken these fundamental steps necessary to securing and enforcing their IPR in a timely fashion. Moreover, in many countries, rights holders who delay enforcing their rights on a mistaken belief that the U.S. government can provide a political resolution to a legal problem may find that their rights have been eroded or abrogated due to doctrines such as statutes of limitations, laches, estoppel, or unreasonable delay in prosecuting a lawsuit. In no instance should U.S. government advice be seen as a substitute for the obligation of a rights holder to promptly pursue its case.

It is always advisable to conduct due diligence on partners. Negotiate from the position of your partner and give your partner clear incentives to honor the contract. A good partner is an important ally in protecting IP rights. Keep an eye on your cost structure and reduce the margins (and the incentive) of would-be bad actors. Projects and sales in Honduras require constant attention. Work with legal counsel familiar with Honduran laws to create a solid contract that includes non-compete clauses, and confidentiality/non-disclosure provisions.

It is also recommended that small and medium-size companies understand the importance of working together with trade associations and organizations to support efforts to protect IPR and stop counterfeiting. There are a number of these organizations, both Honduras or U.S.-based, including:

- The U.S. Chamber and local American Chamber of Commerce (Amcham)
- The Honduran Property Institute (General Directorate of Intellectual Property)
- National Association of Manufacturers (NAM)
- International Intellectual Property Alliance (IIPA)
- International Trademark Association (INTA)
- The Coalition Against Counterfeiting and Piracy
- International Anti-Counterfeiting Coalition (IACC)
- Pharmaceutical Research and Manufacturers of America (PhRMA)
- Biotechnology Industry Organization (BIO)

IPR Resources

A wealth of information on protecting IPR is freely available to U.S. rights holders. Some excellent resources for companies regarding intellectual property include the following:

- For information about patent, trademark, or copyright issues -- including enforcement issues in the US and other countries -- call the STOP! Hotline: **1-866-999-HALT** or register at **www.StopFakes.gov**.

- For more information about registering trademarks and patents (both in the U.S. as well as in foreign countries), contact the US Patent and Trademark Office (USPTO) at: **1-800-786-9199**.
- For more information about registering for copyright protection in the US, contact the US Copyright Office at: **1-202-707-5959**.
- For U.S. small and medium-size companies, the Department of Commerce offers a "SME IPR Advisory Program" available through the American Bar Association that provides one hour of free IPR legal advice for companies with concerns in Brazil, China, Egypt, India, Russia, and Thailand. For details and to register, visit: **http://www.abanet.org/intlaw/intlproj/iprprogram_consultation.html**.
- For information on obtaining and enforcing intellectual property rights and market-specific IP Toolkits visit: **www.StopFakes.gov**. This site is linked to the USPTO website for registering trademarks and patents (both in the U.S. as well as in foreign countries), the U.S. Customs & Border Protection website to record registered trademarks and copyrighted works (to assist customs in blocking imports of IPR-infringing products) and allows you to register for Webinars on protecting IPR. For assistance in developing a strategy for evaluating, protecting, and enforcing IPR, use the free **Online IPR Training Module** on www.stopfakes.gov.
- The U.S. Commerce Department has positioned IP attachés in key markets around the world. You can get contact information for the IP attaché who covers Honduras at <https://www2.focusbrazil.org.br/siteusa/index.htm> or by contacting Dorian.Mazurkevich@mail.doc.gov.

IPR Climate in Honduras

The protection of intellectual property rights (IPR) is under the jurisdiction of the Property Institute (IP). The General Directorate of Intellectual Property division (<http://www.geocities.com/pihonduras>) handles the registration of patents, trademarks and copyrights, as well as any complaints regarding their infringement.

Honduras is largely in compliance with the Trade Related Aspects of Intellectual Property Rights (TRIPS). In the late 1990s there was a strengthening of laws dealing with IPR, including a 1999 law on copyrights, patents, and trademarks, as well as a royalty's law that came into force in January 2000. The Business Software Alliance established an in-country presence in 2000 to protect software companies from piracy in Honduras. Since the entry into force of CAFTA-DR, the Government of Honduras has increased attention to IPR issues, but enforcement remains weak, although it is improving. The IP and Attorney General's office blame procedural difficulties and a lack of resources. An estimated 75 percent of all software in Honduras is pirated, and pirated movies and music are freely available on the streets of Honduran cities. Legislation is currently in discussion that would prevent the entrance of pirated goods into Honduras.

To be protected under Honduran law, patents and trademarks must be registered with the IP. The life of patents ranges from 10 to 20 years, depending on the importance of the invention. Trademarks are valid up to 10 years from the registration date. "Notorious" or well-known trademarks are protected under the Pan American Convention (1917), to which Honduras is a party. Illegal registration of a well-known trademark, however, must be contested in court (see Section VII. G). Because this regulation favors first registration over first use, numerous cases have arisen of "squatting" on established trademarks, which the legitimate holder must then either purchase or contest in court.

Data protection is provided for five years. Honduras also offers process patent protection.

A new law enacted in December 2005 to meet CAFTA-DR obligations strengthened Honduras's IPR protection regime, conforming with -- and in many areas exceeding -- WTO norms. CAFTA-DR obligations also provide stronger deterrence to piracy and counterfeiting by criminalizing end-user piracy and requiring Honduras to authorize the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them. CAFTA-DR text also mandates both statutory and actual damages for copyright and trademark infringement, which would ensure that monetary damages could be awarded even when it is difficult to assign a monetary value to the violation. Finally, under CAFTA-DR, prosecutors are able to confiscate pirated goods and file IP cases "ex-officio," or on their own initiative, without first requiring the affected company to file a criminal complaint. However, in practice a company complaint is still needed to begin legal proceedings. Additional legislation to comply with CAFTA-DR IPR requirements is currently under discussion.

Due Diligence

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U.S. companies should conduct legal and financial due diligence before completing a commercial transaction or formalizing any agreement. Performing due diligence in Honduras, as in most of Central America, can be time-consuming and difficult. There are very few sources of independently verifiable information about companies and individuals. There are no publicly listed Honduran companies and they rarely publish information about their officers, sales or financial information. Most companies are sole proprietorships and partnerships, and business generally is conducted based upon personal reputation and contacts.

Companies should request bank and trade references from potential agents and customers. The U.S. Department of Commerce in Honduras can assist your company in collecting information on Honduran companies through the International Company Profile (ICP) service, which can be ordered through any U.S. office of the U.S. Commercial Service (U.S. Export Assistance Centers). Find your USEAC at <http://www.export.gov> or visit <http://www.BuyUSA.gov/honduras/en>.

Companies should also consult with their own U.S. banks for information on Honduran banks, most of which have correspondent banking relationships with financial institutions in the South and the East Coast.

Local Professional Services

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Selecting a competent and reliable local attorney is an important first step to doing business in Honduras. The advice and counsel of a local attorney is essential to opening a business and to understanding Honduran judicial and administrative systems. The Economic/Commercial and Consular Sections maintain a list of attorneys that have

experience assisting U.S. firms. This list is posted on the Embassy's website at <http://honduras.usembassy.gov>. The Embassy assumes no responsibility for the professional ability, reputation, or the quality of services provided by the lawyers on the list.

Web Resources

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U.S. Commercial Service	http://www.buyusa.gov/honduras/en
U.S. Embassy Consular Section	http://honduras.usembassy.gov
FIDE	http://www.hondurasinfo.hn/
Programa Nacional de Competitividad	http://www.hondurascompite.com/
World Bank	http://www.worldbank.org/DoingBusiness
Ministry of Industry and Trade	http://www.sic.gob.hn
Secretaria de Recursos Naturales	http://www.serna.gob.hn/
Customs & Tax Directorate	http://www.dei.gob.hn
Social Security Institute	http://www.ihss.hn
National Vocational Training Institute	http://www.infop.org
Chamber of Commerce of Tegucigalpa	http://www.ccit.hn
Chamber of Commerce of Cortes	http://www.ccichonduras.org
Expocentro	http://www.ccichonduras.org/expocentro
Government Procurement	http://www.honducompras.gob.hn
Property Institute	http://www.ip.hn
General Directorate of IPR	http://www.geocities.com/pihonduras
World Intellectual Property Org (WIPO)	http://www.wipo.org
World Trade Organization	http://www.wto.org
Honduran Central Bank	http://www.bch.hn
Business Software Alliance	http://www.bsa.org
Honduras Government Portal	http://www.gob.hn
Trade & Investment Resource	http://www.freetradehonduras.org

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Chapter 4: Leading Sectors for U.S. Export and Investment

Commercial Sectors

- [Automotive Parts / Service Equipment](#)
- [Food Processing and Packaging Equipment](#)
- [Foods-Processed](#)
- [Electrical Power Systems/Renewable Energy Equipment](#)
- [Safety and Security Equipment](#)
- [Travel & Tourism Services](#)

Agricultural Sectors ***2010 Update for this section to be added shortly.**

- [Agricultural Sector](#)
(Coarse Grains, Rice, Wheat, Soybean Meal, Red Meats, Processed Fruits and Vegetables, Other Consumer Oriented Products)



Automotive Parts / Service Equipment (APS)

Overview

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	2007	2008	2009 (estimated)
Total Market Size	393.8	449.8	496.0
Total Local Production	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A
Total Imports	393.8	449.8	496.0
Imports from the U.S.	283.4	249.5	265.8

(Sources: USDOC/OTII and SIECA. Data in USD Millions).

Market demand for U.S. products in this sector looks promising, with an expected growth rate of 10 percent over the next three years. An aging car population continues to fuel demand for automotive parts and accessories in Honduras. An estimated 70 percent of the total vehicle population, registered at 852,604 units in 2008, is at least 5 years old and in need of constant repairs. According to industry sources, the global slowdown has reached Honduras, and is having a negative impact on domestic demand for new vehicles. The total vehicle population, however, could double in the next 5 years, and the distances traveled should also increase due to an accelerated urban expansion.

The introduction of U.S. manufactured vehicles has also increased significantly over recent years, providing greater opportunities for American exporters. Honduras has no local production of automotive parts & accessories. The United States is one of the major suppliers in this sector, along with Japan, Taiwan, Korea, China, Brazil, Mexico, Germany and the U.K.

Public service transportation units represent one of the major end-users of automotive parts and accessories in Honduras. Most of the urban transportation fleets use buses of low operational quality, of which 80 percent are obsolete. The replacement needs for urban buses alone is estimated at over \$60 million. According to the National Statistics Bureau, buses and other passenger transportation vehicles report an average annual growth of 2,500 units.

There are more than 300 retailers of automotive parts and accessories in Honduras who buy directly from overseas or through local distributors. Japanese cars and light trucks dominate the market but parts are often purchased through the United States. American-made pickups, SUVs, heavy trucks and buses have stronger shares of the local market. Recent tariff changes for automotive vehicles include the elimination of a disadvantage to U.S. vehicles vs. Japanese models, as Honduras rescinded the tariff based on engine size.

Best Prospects/Services

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In general, most automotive aftermarket products and service equipment are expected to offer good sales opportunities in the Honduran market. Particularly promising products include:

- all types of engine spare parts
- electrical and brake system components
- transmission and suspension parts
- tires; wheels
- bumpers; spoilers; tail lights
- mobile electronics; alarms; sound systems
- repair shop, paint, tools & equipment
- emission control equipment
- batteries
- automotive accessories

Opportunities

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Recent tariff changes, including a complete ban for the importation of used automobiles and passenger motor vehicles of more than 10 and 13 years old, respectively (from 7 and 10 years), are expected to increase the used vehicle population in Honduras. U.S. exports of automotive parts, service equipment and accessories are also benefited from tariff reductions under the CAFTA-DR trade agreement.

The 2001 "Regulation of Hazardous Gas Emissions of Automotive Vehicles" is aimed at reducing the increasing air pollution levels generated by tailpipe emissions in the major cities of Honduras. According to this law, all passenger motor vehicles need to be fitted with an emissions control system or catalytic converter. This important regulatory measure, coupled with the growing demand for effective emissions control devices, should positively influence the demand for automotive parts and accessories through local repair shop services.

The Commercial Service Office in Tegucigalpa annually recruits and leads a delegation of Honduran automotive aftermarket leaders to the AAIW (Sema/AAPEX) show in Las Vegas, Nevada. It is the most important retail and specialty automotive aftermarket trade event in the U.S. For more information on this International Buyer Program, please visit www.aaiwshow.com.

Resources

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Honduran Association of Automotive Dealers and
Distributors of Automotive Parts & Accessories
Honduran Customs Directorate
Industry & Trade Ministry
Regional Trade Statistics
National Statistics Institute
CAFTA-DR Website
Automotive Aftermarket Industry Week
U.S. Commercial Service

ahdiva@amnettgu.com
<http://www.dei.gob.hn>
<http://www.sic.gob.hn>
<http://www.sieca.org.gt>
<http://www.ine-hn.org>
<http://www.export.gov/cafta>
<http://www.aaiwshow.com>
<http://www.BuyUSA.gov/centralamerica>

Food Processing and Packaging Equipment (FPP)

Overview

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	2008	2009	2010 (estimated)
Total Market Size	623,258,701	511,072,134	567,165,417
Total Local Production	NA	NA	NA
Total Exports	27,982,966	22,946,032	25,093,850
Total Imports	651,241,667	534,018,166	592,629,917
Imports from the U.S.	320,578,206	262,874,128	291,726,167

(The above statistics are unofficial estimates. Data is US Dollars; Source: SIECA).

The total market for food processing and packaging equipment in Honduras has increased steadily over the past few years and further increases are expected in the years to come. The United States continues to be Honduras' largest supplier of food processing and packaging equipment, enjoying a high level of acceptance and reputation for high quality.

Best Products/Services

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Industrial Machinery, plant equipment for food and beverage production
Can Sealing machines
Container labeling machines
Meat & Poultry packaging plant machinery
Lid, seal & close machinery
Packaging and wrapping machinery
Machinery parts
Machinery for the processing of fruits, nuts and vegetables.
Machinery for the industrial preparation of manufactured foods, drinks

Opportunities

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The market for food processing and packaging machinery in Honduras has increased steadily over the last five years. Honduran exporters are pursuing expansion plans to increase production and improve the quality of their exports according to international standards, particularly non-traditional agricultural products such as melons, watermelons, mangoes, winter vegetables, shrimp, jalapeno peppers, fruits and flowers. With CAFTA-DR, producers are looking forward to opportunities of exporting new products to the American market, and are looking for the best packaging solutions and materials. A growing number of companies are currently increasing the production of processed products such as tortillas; processed wheat, soy and oats; dehydrated fruits and vegetables; Individual Quick Frost fruit and vegetables; and milk cooling tanks. In addition to the food processing sector, opportunities exist in the pharmaceutical industry, as local manufacturers seek new markets and innovative pharmaceutical packaging solutions.

Resources

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Foreign Agricultural Service

<http://www.fas.usda.gov>

The US Commercial Service under the International Buyer Program provides assistance, information and registration for the following Trade Shows:

National Restaurant Association (NRA)

<http://www.restaurant.org>

PackExpo International 2010

<http://www.pmmi.org>

Other Events:

Food Marketing Institute

<http://www.fmi.org>

Foods – Processed (FOD)

Overview

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	2008	2009	2010 (Estimated)
Total Market Size	2,037,307,071	1,670,591,798	1,853,949,435
Total Local Production	549,037,016	450,210,353	499,623,685
Total Exports	1,488,270,055	1,220,381,445	1,354,325,750
Total Imports	939,233,039	770,171,091	854,702,065
Imports from the U.S.	249,137,885	204,293,066	226,715,475

(The above statistics are unofficial estimates)

The growing restaurant and hotel industry presents U.S. suppliers with positive potential for processed food products and raw materials. U.S. franchises that continue to sprout in the country's main cities and are in need of raw materials, domestic products cannot always fulfill this need.

The retail food sector is by far Honduras' largest market for imported foods. Consumers shop at open-air markets, U.S.-style supermarkets, specialty shops, and convenience stores. Virtually all supermarket chains are expanding, and they are devoting increasing shelf space to U.S. products.

Promoting products during holidays is particularly effective. Easter, besides being a religious holiday, is also summer vacation for the vast majority of Hondurans, a time when they are amenable to trying new products. During Christmas, gift baskets are becoming popular. Increasingly, these baskets contain U.S. products. In June and December of every year, the government and private sector provide bonuses to their employees. Many families make special food purchases or buy higher quality products at this time.

Best Products/Services

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- Canned and frozen meats
- Cheese
- Processed fruits and vegetables

- Fresh fruits and vegetables
- Juices, wines, beer
- Pet foods, snack foods, baked goods,
- Tree nuts
- Nursery products and cut flowers
- Salmon, Ground fish, and mollusks.

Opportunities

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Importers prefer trading with U.S. exporters because of their reliability. Improved storage and distribution facilities permit the year-round availability of U.S. fruits such as apples, pears and grapes.

Resources

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Foreign Agricultural Service

www.fas.usda.gov

The US Commercial Service under the International Buyer Program provides assistance, information and registration for the following Trade Shows:

National Restaurant Association
PACKEXPO

www.dineout.org
www.pmmi.org

Electrical Power Systems/Renewable Energy Equipment (REQ)

Overview

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	2007	2008	2009 (estimated)
Total Market Size	280.0	304.0	380.0
Total Local Production	0.0	0.0	0.0
Total Exports	0.0	0.0	0.0
Total Imports	280.0	304.0	380.0
Imports from the U.S.	254.6	229.2	263.6

(The above statistics are unofficial estimates. Sources include USDOC/OTII and SIECA. Data is USD millions).

Honduras has a current installed capacity of 1,592.58 MW. Although demand for electricity is slightly down due to the global recession, it grows at approximately 7 percent a year. Demand factors include population pressure and economic growth, as well as subsidies, illegal hookups and non-payment of legal hookups, all of which eliminate any incentives to conserve energy. The National Electrical Energy Company, ENEE, is losing hundreds of millions of dollars each year (please see energy paragraph in Chapter 6).

Approximately 36 percent of total fuel imports are used for thermoelectric generation, which has contributed to the country's internal deficit. As such, expansion of power production using renewable energy technology is considered an energy policy priority. At present, electrical power coverage in Honduras is 71.4 percent, which means that approximately 2.2 million citizens (particularly those living in rural areas), do not have access to electricity. With demand growing rapidly, especially in the residential (42%), industrial, and commercial sectors, ENEE needs to conduct expansion efforts aimed at extending its transmission grid to incorporate rural communities in Honduras, as well as expanding the distribution capacity in high growth areas.

Best Products/Services

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- Turbines/Wind
- Electrical Power Generators
- Solar cells
- Parts (regulators for hydraulic turbines and water wheels)
- Heat exchange units, industrial type
- Parts of panels, boards, consoles and transformers
- AC generators (alternators)
- Circuit Breakers
- Switch Gear
- Conducting Cable

Opportunities

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The Honduran territory has great potential for energy generation through renewable sources, estimated at 13,268.43 MW. Most promising projects are in the areas of hydro, biomass, co-generation, wind, and geothermal sources. Under the country's energy policy action plan for the period 2009-2015, aimed at reducing the country's dependency on fossil fuels, energy generation through renewable sources is expected to increase by 27 percent (approximately 350.4 MW of installed capacity). Financing support in this sector is primarily led by the Central American Bank for Economic Integration (CABEI). Although there is volatility from year to year, U.S. renewable exports to Honduras grew 684.2% from \$1,849,379 (2007) to \$14,503,457 (2008).

In October 2007, the Honduran Government passed a law to promote the generation of renewable energy by private developers. The new law provides significant incentives for renewable energy projects such as a tax holiday on profits for projects under 50 MW installed capacity, and tax exemptions on imported machinery for 12 or 15 years, depending on the size of the project. Multiple small-scale hydroelectric projects are in the pipeline, and the Honduran government recently approved a 100 megawatt wind project. Surpassing a \$250 million investment, this project is expected to be finalized by 2011 and generate clean energy through 67 wind turbines of a capacity of 1.5 MW each.

The Honduran National Electrical Energy Company (ENEE) issued a request for proposals (RFP) in October 2009 for 250 MW of electricity from renewable sources, allowing participation in lots of less than 10 MW, less than 20 MW, and greater than 20 MW. The bid process was recently completed, presenting opportunities for small and medium-sized producers of renewable energy.

The Honduran Association of Renewable Energy Producers (AHPPER) estimates there is potential for an additional 5,000 MW of wind and hydro energy in the country, as well as opportunity to begin development of solar and geothermal capacity. Honduras also has considerable potential to produce biofuels – both ethanol from sugar cane and biodiesel from African palm, jatropha and other sources. Although there is no commercial-scale production yet, there are several small plants producing biodiesel on a trial basis or for their own vehicle fleets. Honduras has approved implementing regulations for its biofuels law.

Despite ENEE's financial woes, the increasing demand for energy, and therefore the need for additional installed capacity, is real. Estimates of the level of demand vary but an average of an additional 100 MW/yr through 2015 seems a reasonable figure. Regardless of the manner in which such energy is produced, there will be a demand for turbines, especially those that can be available in the near term. The most likely sources of such new installed capacity seem to be coal and bagasse, with hydro and biodiesel also possible.

Given the possibility of blackouts and brownouts, due to lack of local installed capacity and distribution problems, there is also demand for reliable, emergency power generation systems such as generators. Many maquilas (garment factories) in the North Coast and hotels in Roatán have either purchased their own generators or are actively considering their options. Lastly, some hotels in Roatán that are not yet connected to the grid are reportedly considering solar power systems.

The Inter-American Development Bank has announced the approval of a USD 350,000 grant from its Fund for Special Operations to support energy efficiency and biofuel Energy and Climate Change (SECCI) Initiative. The grant will support preparation of investment plans and loans for energy efficiency measures and the development of technical studies, including those related to the implementation of a national program to produce and promote biofuels in Honduras.

Resources

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Ministry of Natural Resources & the Environment	http://www.serna.gob.hn
National Electric Company	http://www.enee.gob.hn
National Energy Commission	http://www.cne.gob.hn
Central American Bank for Economic Integration	http://www.bcie.org
Inter-American Development Bank	http://www.iadb.org/ppp
World Bank	http://www.worldbank.org
Regional Trade Statistics	http://www.sieca.org.gt
CAFTA-DR Website	http://www.export.gov/cafta
Regional Commission for Electric Interconnection	http://crie.org.gt
Energy and Environment Partnership with C.A.	http://www.sgsica.org/energia
Central American Commission for Environment And Development	http://www.ccad.ws
Plan Puebla Panama Initiative	http://www.sre.gob.mx
Energy Information Administration	http://www.eia.doe.gov
Honduras Trade Portal	http://www.hondurastradeportal.com
SIEPAC Network Company	http://www.eprsiepac.com

Presidential Modernization Commission

<http://www.sse.cpme.gob.hn>

US Trade Shows under the 2010 International Buyer Program Schedule of the U.S. Department of Commerce:

Power-GEN International
Electric Power 2010

<http://www.powergen-international.com>
<http://www.electricpowerexpo.com>

Security and Safety Equipment (SEC)

Overview

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	2007	2008	2009 (estimated)
Total Market Size	194.5	236.0	295.0
Total Local Production	N/A	N/A	N/A
Total Exports	N/A	N/A	N/A
Total Imports	194.5	236.0	295.0
Imports from the U.S.	113.5	130.0	149.3

(The above market size statistics are unofficial estimates. Sources USDOC/OTII and SIECA. Data is USD millions).

Almost a third of Hondurans feel a sense of insecurity related to crime. Elevated crime rates in urban areas have increased demand for safety and security equipment in all sectors of the economy, including personal, residential, commercial, financial and national police force users. It is estimated that the general market for Security & Safety Equipment (SEC) will grow 15 percent over the next three years as many security clients look to replace guards with technology. The market for security and safety equipment is supplied entirely by imports, with the U.S. supplying over 80 percent. Third-country suppliers include Canada, Taiwan, France, Mexico, Germany, and Japan.

The market for residential security equipment is growing. Most new private housing projects contemplate the installation of different types of home security systems, such as alarms, sensors, smoke and fire detectors; water sprinklers and automated computerized home security systems. Personal security is also an important sector, as kidnappings for ransom in Honduras have steadily increased over the past three years. In addition, demand for electronic alarm systems, closed circuit TV, one-way mirrors, bulletproof windows and armored vehicles are on the rise for the commercial and banking sectors. Within the public sector, the Ministry of Security has been authorized, through a governmental executive decree, to make direct purchases of modern technology for safety and security purposes. Securing a local agent/distributor in the local market is key for an effective market entry strategy in the SEC sector, particularly for support in providing installation, maintenance, and after sales services.

Best Prospects/Services

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Electronic surveillance equipment
Biometric systems
Alarm systems (fire and smoke/burglar/motion)
TV closed circuits
Security Cameras
Remote monitoring; Perimeter security
Electric residential fences
Armored Vehicles
Protective Clothing
X-ray Inspection Equipment
Safes and Strong Boxes
Sprinkler Systems
Smoke Detectors
Fire Extinguishers
Vehicle Alarm Systems
Airport and sea port safety & security equipment

Opportunities

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With a rate of 57 murders per 100,000 inhabitants in 2008, public security is one of the most serious problems facing Honduras. Concerns in this area represent a growing market for U.S. suppliers of safety and security equipment. As part of the "Country Plan 2010-2038," the government's priority is to implement actions for strengthening the National Police force, combat insecurity and reduce crime levels below the international average.

In compliance to the U.S. Customs & Border Protection Container Security Initiative, the National Port Authority has obtained maritime certification, which includes the acquisition of technology to pre-screen cargo containers before they arrive at U.S. ports as well as countering any illegal activities that might occur at the ports. Among the equipment needed to increase security in local ports are x-ray inspection equipment, security cameras and other specialized electronic security devices. In addition to port infrastructure, the country's four international airports regularly undergo a series of improvements involving safety and security equipment.

Resources

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Ministry of Industry & Trade
Trade & Investment Portal

<http://www.sic.gob.hn>
<http://www.freetradehonduras.org>

The US Commercial Service provides assistance, information and registration to Honduran importers for the following U.S. Trade Shows:

International Security Conf/Expo (ISC West) www.iscwest.com
CTIA Wireless 2010 Convention www.ctiawireless.com
InfoComm International 2010 www.infocomm.org
ASIS International 2010 (Security Solutions Expo) www.asisonline.org

Travel and Tourism Services (TRA)

Overview

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Trends in Arrivals

	2007	2008	2009
Honduran Arrivals to the United States	111,059	116,902	115,405
Percent Change	20%	5.3%	-1.3%

(Source: USDOC, ITA Office of Travel & Tourism Industries).

International travel is the single largest services sector export for the United States, accounting for 26% of all services exported in 2007. Honduras is among the top 50 countries generating travel to the United States, and 17 percent of arrivals from Central America are Honduran. Despite strict visa requirements, the close proximity of the United States (only a 2.5 hour flight to the U.S. main gateway cities), coupled with the high receptivity for U.S. products and services, make the U.S. a preferred destination for Honduran travelers, followed by South America and the Caribbean. With a population of 7.8 million, the country's economic growth in recent years has the potential to prompt more middle-class travelers to the U.S. In 2009, Honduran arrivals totaled 115,405, slightly down 1.3 percent from 2008. After a highly challenging year resulting from a political and economic crisis in 2009, industry contacts foresee a recovery with upside opportunities involving leisure and business travelers for the period 2010-2013.

Best Products/Services

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Shopping malls and outlets/retail

Hotels/motels/Restaurants

Transportation services (airlines, vehicle rentals, bus and rail between cities)

Entertainment/Recreational activities/services (theme parks, museums, night clubs, sports)

Business Convention (conferences, seminars, trade shows)

Hospitals/clinics/medical services

Opportunities

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The most popular destinations for Honduran visitors in the U.S. are Miami, Orlando, New York, Los Angeles, and Las Vegas. Washington, DC, New Orleans, Chicago, and Houston are popular secondary destinations. Florida is the preferred choice for leisure travel, with 55.7 percent of market share. Among the top activities are shopping, amusement/theme parks, dining out, sightseeing in cities, night clubs/dancing, historical sites, and concerts/plays/musicals. The typical visitor to the U.S. has visited at least once before. The high season for Honduran travel to the U.S. is June-August, because of school holidays. Shorter trips during national holidays are also very popular.

U.S. Department of Commerce (USDOC) statistics show that 47 percent of total inbound trips from Central Americans are to visit friends and relatives, followed by

vacation/holidays (39 percent), business/professional (25 percent), and convention/conference attendance (11 percent). Companies and professionals are learning new techniques and strategies to become more competitive and, therefore, professionals and businesspeople are increasingly attending U.S. trade shows, conventions and seminars. USDOC visitation estimates are 16.5 nights for the average length of stay in the U.S., and 1.2 states visited. Industry sources estimate that the greatest proportion of Honduran visitors are in the age groups of 35-44, married and professional, followed by the age groups of 25-34, and 15-24 years of age. Most frequently used information sources for trip planning are: travel agency (40%); airlines directly (25%); personal computer/internet (21%); friends/relatives (14%).

Resources

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USDOC/ITA Office of Travel & Tourism
U.S. Travel Association

<http://www.tinet.ita.doc.gov>
<http://www.ustravel.org>;
<http://www.discoveramerica.com>

Trade Events
Int'l Pow Wow
La Cumbre de Turismo

<http://www.powwowonline.com>
<http://www.lacumbre.com>

Agricultural Sectors ***2010 data to be added shortly.**

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- [Coarse Grains](#)
- [Rice](#)
- [Wheat](#)
- [Soybean meal](#)
- [Red meats](#)
- [Processed fruits and vegetables](#)
- [Other Consumer Oriented Products](#)

Coarse Grains

Overview

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	2007	2008	2009 (estimated)
Total Market Size	246.6	251.1	270.3
Total Local Production	189.9	179.0	179.8
Total Exports	0.3	0	0.4
Total Imports	57.0	72.7	90.9

Imports from the U.S.	57.0	72.7	90.9
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(Statistics are unofficial estimates. Data in US\$ millions)

In coarse grains category, white corn is the grain produced in the largest scale in Honduras. It is mainly utilized for human consumption. Sorghum makes up about 7 percent of the total coarse grain production. The Government of Honduras is providing incentives to increase production of white corn and sorghum to assure food security for human consumption.

Best Prospects/Services

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The main product imported in the coarse grain category is yellow corn. An average of 65 percent of yellow corn consumed in Honduras is imported. Corn from the U.S. is used for animal feed production, particularly in the poultry, shrimp, tilapia, livestock and swine industries.

Opportunities

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Increased growth is expected in the poultry, livestock, shrimp, tilapia and swine sectors. More yellow corn will be needed to feed the chickens supplied to local franchises. Honduras is also preparing to export chicken to the U.S. The Honduran government is providing incentives to increase beef production. Honduras ranks 26th among the leading markets for U.S. coarse grain exports.

Under CAFTA-DR, Honduras did not reduce the out-of-quota duty for white corn, but liberalization will occur through a quota which will grow 2 percent per year. Honduras will have a base quota of 23,000 MT for white corn. For yellow corn, the tariff will be eliminated over 15 years and Honduras will have a quota of 217,725 MT in 2009, growing 5 percent per year. Tariff cuts will be backloaded. For white corn, Honduras will have a quota of 24,840 MT in 2009.

Resources

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- U.S. Department of Agriculture
Foreign Agricultural Service in Honduras
- Annual Exporter Guide 2008 at www.fas.usda.gov/gainfiles/200810/146306240.doc
- FAIRS Report 2004 www.fas.usda.gov/gainfiles/200409/146107555.doc

Rice

Overview

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	2007	2008	2009 (estimated)
Total Market Size	51.6	87.3	88.0
Total Local Production	20.4	25.3	31.0
Total Exports	0.4	0.7	0.6
Total Imports	31.6	62.7	57.6
Imports from the U.S.	30.7	57.4	59.1

(Statistics are unofficial estimates. Data in US\$ millions)

Rice is the grain produced on the smallest scale in Honduras. Production has increased because the Honduran government is now providing credit; however, it is not enough to keep up with demand. As a result, the United States continues to be Honduras's largest supplier of rice. The quality and reliability of U.S. rice is well-known.

Best Prospects/Services

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Local rice millers prefer to import paddy rice for price reasons and to keep their plants running. However, milled rice is also imported into Honduras. Due to a low level of local rice production in 2008, the shortage of supply quota was granted to the grain's millers.

Opportunities

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Historically, virtually all rice imports have been from the U.S. Honduran import demand is expected to remain strong. Honduras is ranked 13th among the leading 35 country markets for U.S. rice imports.

Under CAFTA-DR, rice tariffs will be eliminated over 18 years. Tariff cuts will be back-loaded, with out-of-quota imports subject to a safeguard. There will be a base quota of 90,000 MT for rough rice, growing by 2 percent per year. Imports under the quota will be subject to a performance requirement, which will be eliminated in 18 years. A base quota of 8,500 MT will be for milled rice, growing by 5 percent per year. The tariff rate quota (TRQ) for rough and milled rice in 2009 is 10,200 MT and 97,200 MT, respectively.

Resources

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- U.S. Department of Agriculture
Foreign Agricultural Service in Honduras
- Annual Exporter Guide 2008 at www.fas.usda.gov/gainfiles/200810/146306240.doc
- FAIRS Report 2004 www.fas.usda.gov/gainfiles/200409/146107555.doc

Wheat

Overview

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	2007	2008	2009 (estimated)
Total Market Size	58.6	62.7	75.2
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	58.6	62.7	75.2
Imports from the U.S.	58.6	62.7	75.2

(Statistics are unofficial estimates. Data in US\$ millions)

Honduras's land and climate are unsuitable for commercial wheat farming. The country depends on imports to fill its wheat demand.

Best Prospects/Services

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Industry wheat needs in Honduras average 170,000 MT per year, with the vast majority coming from the U.S.

Opportunities

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The U.S. should remain Honduras's main source of wheat, both through commercial channels and donations. There are no import duties applicable to U.S. wheat exports. Honduras ranks 29th among the leading 35 country export markets for U.S. wheat.

Resources

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- U.S. Department of Agriculture
Foreign Agricultural Service in Honduras
- Annual Exporter Guide 2008 at www.fas.usda.gov/gainfiles/200810/146306240.doc
- FAIRS Report 2004 www.fas.usda.gov/gainfiles/200409/146107555.doc

Soybean meal

Overview

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	2007	2008	2009 (estimated)
Total Market Size	41.2	65.9	79.1
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	41.2	65.9	79.1
Imports from the U.S.	41.2	65.9	79.1

(Statistics are unofficial estimates. Data in US\$ millions)

Traditionally, Honduras has filled virtually all of its soybean meal demand with U.S. product. Domestic production is negligible.

Best Prospects/Services

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The growing poultry, shrimp, and tilapia sectors in Honduras have triggered increasing demand.

Opportunities

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Continued expansion in the feed industry, particularly for poultry and tilapia production, should continue to fuel the demand for U.S. soybean meal in coming years. An increasing number of food franchise outlets are also requiring more chicken. Honduras is preparing to export chicken to the U.S., where tariffs on Honduran imports are currently zero. Honduras ranks 11th among the leading 35 country export markets for U.S. soybean meal.

Resources

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- U.S. Department of Agriculture
Foreign Agricultural Service in Honduras
- Annual Exporter Guide 2008 at www.fas.usda.gov/gainfiles/200810/146306240.doc
- FAIRS Report 2004 www.fas.usda.gov/gainfiles/200409/146107555.doc

Red Meats

Overview

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	2007	2008	2009 (estimated)
Total Market Size	427.1	469.4	517.9
Total Local Production	370.9	397.7	426.3
Total Exports	0	0	0
Total Imports	56.2	71.7	91.6
Imports from the U.S.	22.2	22.8	25.0

(Statistics are unofficial estimates. Data in US\$ millions)

Honduras used to be a beef exporter to the U.S.; however, production declined due to a drop in prices. Imports are now needed to satisfy demand.

Best Products/Services

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CAFTA-DR brought immediate tariff elimination on prime and choice pork and beef cuts. Current demand centers on beef cuts, prime pork, beef variety meats, liver, tongue, sausage, trimmings and pig's feet.

Opportunities

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The tourism sector in Honduras has witnessed substantial growth. The number of U.S. restaurants and franchises has increased in Honduras. From 2003 to 2007, the total amount of visitors increased by 51 percent. The government has designated tourism as one of the priority sectors likely to create jobs and economic growth. Hotels and restaurants need a consistent supply of quality meat products such as U.S. beef and pork. Honduras ranks 14th among the leading 35 country export markets for U.S. red meats. The Honduran traditional cuisine uses offals in its dishes. The local red meat industry does not produce enough products to satisfy demand.

Resources

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- U.S. Department of Agriculture
Foreign Agricultural Service in Honduras
- Annual Exporter Guide 2008 at www.fas.usda.gov/gainfiles/200810/146306240.doc
- FAIRS Report 2004 www.fas.usda.gov/gainfiles/200409/146107555.doc
- Retail Report 2004 www.fas.usda.gov/gainfiles/200312/146085419.pdf

Processed Fruits and Vegetables

Overview

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	2007	2008	2009 (estimated)
Total Market Size	47.1	59.0	74.1
Total Local Production	0	0	0
Total Exports	0	0	0
Total Imports	47.1	59.0	74.1
Imports from the U.S.	11.4	12.7	13.9

(Statistics are unofficial estimate. Data in US\$ millions)

Imports of processed fruits and vegetables from the U.S. have increased substantially in recent years. Brands of canned goods are well-known in the Honduran market.

Best Products/Services

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Products that are popular and which have experienced immediate tariff elimination under CAFTA-DR are: canned sweet corn, tomato paste, canned pears, canned peaches and mixed canned fruit.

Opportunities

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Many U.S. franchises and restaurants in Honduras currently import pre-made french fries from Canada. Under CAFTA-DR, the U.S. can now introduce its products free of duties. Honduras ranks 32nd among the leading 35 country export markets for U.S. processed food and vegetables.

Resources

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- U.S. Department of Agriculture Foreign Agricultural Service in Honduras
- Annual Exporter Guide 2008 at www.fas.usda.gov/gainfiles/200810/146306240.doc
- FAIRS Report 2004 www.fas.usda.gov/gainfiles/200409/146107555.doc
- Retail Report 2004 www.fas.usda.gov/gainfiles/200312/146085419.pdf

Other Consumer Oriented Products

Overview

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	2007	2008	2009 (estimated)
Total Market Size	176.4	189.6	209.3
Total Local Production	1.5	2.5	3.5
Total Exports	0	0	0
Total Imports	174.9	187.1	205.8
Imports from the U.S.	26.8	30.9	34.9

(Statistics are unofficial estimates. Data in US\$ millions.)

The category of other Consumer Oriented Products comprises a wide range of products, which have witnessed significant increases in the past few years. The U.S. market share is 13 percent.

Best Products/Services

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- Vegetable and animal oil/fats
- Popcorn
- Preparation for sauces and sauces
- Mixed Condiments
- Mustard

Foods-Processed: Other consumer-oriented products offering good export opportunities are snack foods, packaged & canned foods, breakfast cereals, food additives, dairy products, wine, and pet foods.

Opportunities

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Under CAFTA-DR, the tariff on a wide range of consumer-oriented products was eliminated. Market demand for U.S. products in this sector looks promising. Honduras ranks 21st among the leading 35 country export markets for U.S. "other consumer-oriented products".

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- U.S. Department of Agriculture Foreign Agricultural Service in Honduras
<http://www.fas.usda.gov>

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Chapter 5: Trade Regulations and Standards

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Import Tariffs

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Honduras is a member of the Central American Common Market (CACM), which also includes Guatemala, El Salvador, Nicaragua and Costa Rica. Honduras' tariffs on most goods from outside the CACM are currently within the zero to 15 percent range. Under CAFTA-DR, about 80 percent of U.S. industrial and commercial goods can now enter the region duty-free, with the remaining tariffs to be phased out over ten years. Nearly all textile and apparel goods that meet the agreement's rules of origin receive duty-free and quota-free treatment, providing new opportunities for U.S. and regional fiber, yarn, fabric, and apparel manufacturing. (The agreement's tariff treatment for textile and apparel goods was made retroactive to January 1, 2004.)

It is first necessary to determine the appropriate Harmonized System (HS) classification number to determine if a specific product can enter the CAFTA-DR region duty-free. With this number it is then possible to check the country and product-specific tariff elimination schedule. For more information on the practical aspects of exporting under CAFTA-DR please consult the links below:

<http://www.export.gov/fta>

<http://www.ustr.gov>

<http://www.sic.gob.hn>

Under CAFTA-DR, Honduras will eliminate its tariffs on nearly all agricultural products within 15 years (18 years for rice and chicken leg quarters and 20 years for dairy products). For the most sensitive products, tariff rate quotas permit some immediate zero-duty access for specified quantities during the tariff phase-out period, which will expand over time. Honduras will increase trade in white corn through expansion of the tariff-rate Quota (TRQ) on an annual basis. However, the TRQ should be inferior to the average of white corn imports from previous years. Accordingly, CAFTA-DR should lead to the elimination of market access barriers, including the price band and absorption agreement system, for all products other than white corn.

Under CAFTA there is a TRQ for corn and rice. After the TRQ is filled, Honduras maintains a combination price band mechanism and absorption agreement for corn, grain sorghum, and corn meal. Under the price band mechanism, duties vary from 5 to 45 percent, depending on the import price. The tariff is calculated every 15 days using

international prices plus freight and insurance charges. Under a renewable five-year period, the duty assessed to these products drops to 1 percent if the end users agree to first purchase a predetermined amount of corn and sorghum from domestic farmers; otherwise, the higher tariffs of the price band mechanism remain in effect. The tariff reduction only takes place during the non-harvest season (March through August), and only end-users who have previously signed the absorption agreement may apply for this preferential treatment. A similar absorption agreement exists for rough rice, with duties of 1 percent for signers of the agreement and 45 percent for everyone else.

Rice farmers and millers have also reached a similar absorption agreement. However, in the case of rice, duties have been fixed at 1 percent for rough rice and 45 percent for milled rice for signers of the agreement. For everyone else the duty is 45 percent across the board on all rice products. This agreement, supported by the Government of Honduras, also appears to satisfy farmers and importers.

A general 12 percent sales tax is applied to most products. Goods exempted from this tax include staple foods, fuels, medicines, agro-chemicals, books, magazines and educational materials, agricultural machinery and tools, handicrafts, and capital goods such as trucks, tractors, cranes, and computers, among others. Goods and services imported by maquilas and other firms protected under Special Export Development Regimes are also exempted from the sales tax. A 15 percent sales tax is applied to beer, brandy, compound liquors, and other alcoholic beverages, cigarettes and other tobacco products. This tax is levied on the distributor sale price, minus the amount of the production and consumption tax on both imports and national products. This calculation procedure is also applied to the 12 percent tax on carbonated beverages. A 10 percent selective consumption tax is also applied to some products considered non-essential, such as alcoholic beverages.

Complete information on import tax legislation, customs regulations, and general administrative procedures is available at <http://www.dei.gob.hn/cafta/>

Trade Barriers

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CAFTA-DR provides new market access for U.S. consumer, industrial and agricultural products, improving U.S. competitiveness against third country suppliers and helping expand U.S. exports overall. The agreement requires important reforms of the domestic legal and business environment -which are still ongoing- as well as transparency and efficiency in administering customs procedures, including CAFTA rules of origin.

Honduras did not negotiate any tariff rate quotas when it became a member of the WTO. It does, however, have limitations on imports of rice and corn in order to protect local production. Importation of these two products during harvest time is not allowed. (Please see Import Tariffs section).

In addition to agricultural products, Honduras maintains some non-tariff barriers in relation to services. Currently, special government authorization must be obtained to invest in the tourism, hotel, and banking services sectors. Honduran professional associations heavily regulate the licensing of foreigners to practice law, medicine, engineering, accounting, and other professions. Under CAFTA-DR, Honduras allows substantial market access in services across their entire services regime, subject to very

few exceptions. For more information on service and investment barriers, please read the annual National Trade Estimate Report on Foreign Trade Barriers, found under the Reports and Publications section of the Press Office at: <http://www.ustr.gov>

Import Requirements and Documentation

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In Honduras most import license requirements have been eliminated. Among the general documentation, customs requires commercial invoices, bills of lading, certificates of origin, Phyto or Zoo sanitary certificates and certificates of free sale. Import documentation may be prepared by a local customs house broker or by an importer with sufficient experience.

How to Declare That a Good Is Originating

CAFTA-DR designates the importer with the responsibility of claiming preferential treatment under the agreement. It does not require that the importer provide a certification in support of the claim of preference unless requested by the customs authority. The importer should work with the U.S. exporter to ensure that the U.S. good meets the relevant rule of origin under CAFTA-DR prior to making a claim. The assistance and cooperation of U.S. suppliers in producing accurate and well-documented claims for preferential treatment is vital.

Demonstrating Eligibility for Preferential Tariff Treatment

In general, a product's eligibility for preferential tariff treatment may be demonstrated in a variety of ways provided it is in written or electronic form. One can provide a statement on company letterhead, a statement on a commercial invoice, or a certification. While no official form is required in order to demonstrate eligibility for preferential tariff treatment under CAFTA-DR, a certification should include the following information:

- (a) the name of the certifying person, including, as necessary, contact or other identifying information;
- (b) tariff classification under the Harmonized System and the description of the good;
- (c) information demonstrating that the good is originating;
- (d) date of the certification; and
- (e) in the case of blanket period certification, the time period over which the certification is applicable.

In some situations, multiple shipments of identical goods are being sent to the same CAFTA-DR importer. In these cases, it is not necessary to create a new written or electronic certification for each individual shipment. The importer may maintain one "blanket" certification to be presented to the customs authority, if requested. The "blanket period" may not exceed one year.

For additional information on declaring origin and to see a sample certification for exports to Honduras, please visit <http://www.export.gov/FTA/cafta-dr>.

U.S. exporters seeking information on tariffs for products imported into Honduras may also visit: <http://www.dei.gob.hn/avisos/ProgramaDesgravacionHondrasCAFTA.xls>.

The Honduran government requires that a sanitary registration be obtained from the Ministry of Health for all imported foodstuffs, and that all processed food products be labeled in Spanish and registered with the Sanitary Regulation Directorate (SRD) of the Ministry of Health. The registration process is relatively faster for low-risk products within group C such as oils, margarine, non-alcoholic beverages, canned fruits and vegetables, nuts, cereals, candies, snacks and soups. The C category does not need laboratory analysis. Foodstuffs from group B, such as ice cream, mayonnaise, alcoholic beverages, sugar, salt, honey, and flour, may be subject to further analysis if necessary. Foodstuffs from group A, such as meats, canned meat, milk, and yogurt, need laboratory analysis. Imports of raw and processed agricultural products need an import permit from the National Plant and Animal Health Service (SENASA) of the Ministry of Agriculture and Livestock. In order to obtain an import permit, all importers of food products, additives, and inputs used in food processing must submit the following documents to SENASA:

- Import Permit Request provided by SENASA
- Phyto-or Zoo-Sanitary Certificate
- Certificate of Origin
- Photocopy of Commercial Invoice

SENASA requests the issuance of Phyto-or-Zoo Sanitary Certificate by a U.S. federal government authority in the plant where the food products have been processed. SENASA does not accept documents from commercial trading companies. SENASA has requested the USDA to add an Additional Declaration (AD) to the phyto certificates for poultry imports. The AD states that the specific poultry or sub-products originated in areas free of high or low pathogenic avian influenza. The Animal Plant Health Inspection Service (APHIS) also provides regular updates to local government authorities in connection to the origin of disease outbreaks within the United States. SENASA typically issues an import license within 72 working hours when all required documents are provided.

For detailed information on import license requirements, please contact FAS Tegucigalpa at <http://www.fas.usda.gov>. Alternatively, U.S. exporters may contact the Registration Unit of the Ministry of Health by writing to regulacionhon@yahoo.com or visiting the following SENASA website: <http://www.senasa-saq.gob.hn>

U.S. Export Controls

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The U.S. Government requires firms to obtain an export permit for some products, especially those considered security sensitive. Commerce Control List categories include nuclear materials; electronics; chemicals, microorganisms and toxins; navigation and avionics; sensors and lasers; and materials processing, among others. For more information, U.S. exporters should contact the Bureau of Industry and Security at the U.S. Department of Commerce, (202) 2482-2000 or 1-800-USATRADE; <http://www.bis.doc.gov>

Temporary Entry

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The Temporary Import Law (RIT), enacted in 1984, allows exporters to introduce raw materials, parts, and capital equipment into Honduran territory exempt from surcharges and customs duties as long as the material or part is to be incorporated into a product which is exported outside of the country. This law also provides a 10-year tax holiday on profits from these non-traditional exports, under certain conditions. Interested parties may obtain authorization for this program through the Ministry of Industry and Trade. Amendments made to the RIT law in 1997 allow manufacturers to export their products to other Central American countries. These amendments also permit local importers to resell machinery and equipment no longer needed, by paying an import duty based on its C.I.F. value.

Companies that do not operate in free trade zones or export processing zones fall under the jurisdiction of the Temporary Import Law. At present, over 500 companies are incorporated into the RIT program.

Temporary entry requirements for goods such as commercial samples, sales displays and other items for use at exhibits and trade shows are established under Article 73 of the Honduran Customs Law, Decree 212-87. Customs legislation allows duty free admission of such products, as well as for items to be used for scientific and entertainment purposes, for up to 3 months. This temporary entry authorization can also be extended an additional 3 months, if necessary. Products to be used in the execution of construction projects, tourism and recreational activities, and other special private and public works may qualify as temporary imports for a period of up to 6 months under Article 74 of the Honduran Customs Law. Temporary entry is granted upon making a deposit equivalent to the import duty applicable to the specific product. The guarantee is refunded at the time the product is re-exported.

Additional information on the Honduran temporary import regime and related investment promotion legislation is available at <http://www.sic.gob.hn>

Labeling and Marking Requirements

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Labeling requirements for merchandise are established under Article 9 of the Consumer Protection Law, Decree 41-89 of 1990. Enforcement of marking and labeling regulations is conducted by the General Directorate of Production and Consumption of the Ministry of Industry & Trade. Special regulations apply to medicines and agricultural products under the Health Code and the Phyto-Zoo Sanitary Law, respectively.

Honduran law requires that all processed food products be labeled in Spanish and registered with the Sanitary Regulation Directorate (SRD) of the Ministry of Public Health. Exporters should confirm the importer's compliance with the following SRD requirements: Sanitary License, Sanitary Registration number, and Sanitary Enrollment. Processed food products must have the sanitary registration number prior to entering the country (and only food samples, to be used to move forward with the registration process, will be allowed to enter the country without subject number). The sanitary registration process takes approximately 30 days, and importers should verify its status with the SRD.

Central America Customs Union (CACU) member countries harmonized the Sanitary Registration and Sanitary Enrollment procedures for processed food products (Central American Technical Regulation RTCA 67.01.31.06). Through this procedure, products registered in one CACU country do not need to be registered again in another. Products manufactured in the U.S. are not eligible for this registration exemption. However, the product's Country of Origin is considered CACU if processed in a CACU member country, even if the raw material originates from a non-CACU country. Additional information and registration forms are available at the Central America Secretariat of Economic Interation's (SIECA) website: <http://www.sieca.org/qt/site/Enlaces>.

In general, labels of consumer-oriented products are required to include the following basic information: product name; manufacturer's name; country of origin; sale price; dates of manufacture and expiration; net content; ingredient list and applicable health warnings. For detailed information on labeling requirements, exporters may contact FAS Tegucigalpa at <http://www.fas.usda.gov> or the Ministry of Public Health at: regulacionhon@yahoo.com.

Prohibited and Restricted Imports

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Under the Financial Balance and Social Protection Act, imports of motor vehicles over ten years old, except classic collectible cars, and passenger buses over thirteen years old are prohibited. Imports of refurbished and right-hand drive vehicles are also prohibited. Import restrictions are also imposed on firearms and ammunition, toxic chemicals, pornographic material, and narcotics. Import restrictions are based on phyto-sanitary, public health, and national security factors.

Customs Contact Information

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Questions pertaining to customs issues may be addressed to:

Customs and Tax Division

(Dirección Adjunta de Rentas de Aduana)

Contacts: Mr. Miguel Antonio Mejía, Director

Raúl Ardón, Chief of FTA/Cafta Division

E-mails: mmejia@dei.gob.hn; rardon@dei.gob.hn

Address: Edificio Gabriel A. Mejía, Colonia Palmira

Tegucigalpa, Honduras

Tel: (504) 238-4521; 238-1514; 238-5444; Fax: (504) 238-3503

Customs Hotline Email: gestion.aduanera@dei.gob.hn

<http://www.dei.gob.hn>

Standards

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Overview

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Standardization efforts began in 1998, upon establishment of the Inter-Institutional Standardization Commission of the Ministry of Industry and Trade (SIC). The Commission includes representatives from the Ministry of Agriculture, Natural Resources & the Environment, Health, and Finance, as well as several other key organizations from the private sector. As of October 2006 (through executive decree 215-A-2006), standards-related duties and activities are the responsibility of the newly created National Standards Body (Organismo Nacional de Normalización, OHN) under the Science, Technology and Innovation Council (COHCIT), the technical secretariat of the National Quality Council (CNCA). The CNCA is under the umbrella of the National Competitiveness Commission, which is now part of the newly established Technical Ministry of Planning and International Cooperation. The main objectives of the standards governmental body are to:

- a) Formulate and coordinate the execution of normalization and quality control programs adequate to country needs;
- b) Integrate technical committees for individual normalization projects; and
- c) Formulate new national standards projects.

In general, standards issues and related technical obstacles do not pose a major hurdle for U.S. exporters. At present, work is being done in connection to defining the limits of the procedures described in Executive Decree 215-A-2006, particularly regarding voluntary compliance terms, in order to allow a practical development of the national standardization program. Honduras currently has sixty-two (62) national standards, issued by the new National Standards Body, OHN. With CAFTA-DR implementation, signatories are expected to intensify their joint work in the field of standards, technical regulations, and conformity assessment procedures with a view to facilitating regional trade.

Standards Organizations

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COHCIT has identified the following four main productive areas for the potential development of standards in Honduras:

- Agro-industrial production
- Tourism
- Wood - Furniture
- Industrial Production

Honduras is also a subscriber member of the International Standards Organization (ISO) since January 2000. With CAFTA-DR implementation and other trade agreements, Honduran manufacturers are increasingly seeking international standards certification. The implementation of ISO certification for local companies is conducted by legally credited international standards institutions, and is supported by COHCIT. 102 local companies are currently certified under ISO 9001 and ISO 14001, and approximately 30 are in the process of obtaining certification.

NIST Notify U.S. Service

Member countries of the World Trade Organization (WTO) are required under the Agreement on Technical Barriers to Trade (TBT Agreement) to report to the WTO all proposed technical regulations that could affect trade with other Member countries. **Notify U.S.** is a free, web-based e-mail subscription service that offers an opportunity to review and comment on proposed foreign technical regulations that can affect your access to international markets. Register online at: <http://www.nist.gov/notifyus>

Conformity Assessment

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Among the most relevant national testing and conformity assessment bodies are:

- Ministry of Industry and Trade
<http://www.sic.gob.hn>
- Consumer Protection and Metrology Division
<http://www.sic.gob.hn>
- National Plant and National Health Service (SENASA)
<http://www.senasa-sag.gob.hn>
- National Laboratory of Residues (LANAR);
- Quality Control Lab for Veterinary Products;
<http://www.sag.gob.hn>
- Ministry of Health
General Directorate of Sanitary and Environmental Regulation
Food Control Lab
<http://www.salud.gob.hn>
- Ministry of Natural Resources and the Environment
CESCO (Pollution Control Research Center)
DECA (Environmental Control and Evaluation Directorate)
Mining Executive Directorate (DEFOMIN Laboratory)
<http://www.serna.gob.hn>
- Ministry of Finance
Customs and Tax Division
National Customs Laboratory
<http://www.dei.gob.hn>
- Official Laboratory of Honduran Chemical and Pharmaceutical Industry Association
- Other private laboratories such as Jordanlab, MQ, and the Honduran Foundation for Agricultural Research (FHIA).

Product Certification

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With CAFTA-DR and other trade agreements, Honduran manufacturers are increasingly seeking international standards certification.

Certification requirements apply to the importation of certain products. Certificates of free sale and of origin are required for food items. Importers must provide certifications that the products will not cause damage to humans, animals or the environment. Specific certifications are also required according to the type of product to be imported. Imports of animal and plant origin require a phyto-sanitary permit. As part of CAFTA-DR, Honduras and the U.S. recognize each other's inspection systems in the manufacturing and processing of animals and products of animal origin as equivalent. In the case of medical and pharmaceutical products which are not for free or over-the-counter sale, a Sanitary Registration is also required.

Accreditation

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The "Oficina Hondureña de Acreditación (OHA)", which operates under the umbrella of the Science, Technology and Innovation Council (COHCIT), is the official accreditation body in Honduras. COHCIT signed a technical cooperation agreement with the Costa Rican Accreditation Entity (ECA) in November 2005. Additional information on OHA/COHCIT and ECA is available at:

<http://www.cohcit.gob.hn>; <http://www.hondurascalidad.com>

<http://www.eca.or.cr>

Publication of Technical Regulations

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Final technical regulations are published in the local government newspaper "La Gaceta". Honduras' national gazette is available only through printed copies purchased from the National Graphic Arts Company, Tel. (504) 230-3026. New laws and regulations approved by the government's executive branch become effective on the date of publication.

Labeling and Marking

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The content, weight and measurement of products sold in Honduras shall be expressed in officially recognized metric and decimal system units.

Products are required to provide the following label information in Spanish:

- Product definition/description
- Name of the product (the official name as noted on the U.S. Certificate of Free Sale)
- Physical characteristics, including ingredients (must be qualitative composition, translated literally from English)
- Net weight/volume
- List of ingredients and additives and the total percentage for each
- Name, address and telephone number of Honduran distributor/representative
- Sanitary License registration number from the Ministry of Health
- Expiration date

Imported sample-sized products must comply with labeling laws. Bulk-packed food products do not require labeling unless they will be sold at the retail level as an individual unit. Honduras has no requirements regarding nutritional labeling, and it uses the Codex Alimentarius as a guideline. Labels should not indicate that the product has therapeutic, healing, or any other attributes not normally associated with the product.

The declared net content must be expressed in International System (SI) units; additional net content declaration in other units is optional. Small variations in net content are permitted, but must not be excessive. Honduras does not require a specific container size for any products.

Pharmaceutical products need to have active ingredients listed, and include a sell-by date. Cigarettes and alcoholic beverages must contain a warning label that complies with the IHADFA (Instituto Hondureño para la Prevención del Alcoholismo, Drogadicción y Farmacodependencia). Pharmaceutical products and pesticides must be labeled in Spanish if possible. The Ministry of Public Health enforces product labeling requirements for food and pharmaceutical products, while the Ministry of Agriculture enforces labeling requirements for pesticides.

Personal Hygiene, Homecare and Cosmetic Products do not require legal registry like pharmaceutical products, but, depending on the product, may require a registration process if requested by the Ministry of Health.

Trade Agreements

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CAFTA-DR supplanted the earlier Caribbean Basin Initiative and later Caribbean Basin Economic Recovery Act trade benefits. CAFTA-DR liberalized bilateral trade between the United States and the region and also furthered integration efforts among the countries of Central America, removing barriers to trade and investment in the region by U.S. companies. CAFTA-DR requires countries to undertake needed reforms to alleviate systemic problems in such areas as customs administration; protection of intellectual property rights; services, investment, and financial services market access and protection; government procurement; sanitary and phyto-sanitary (SPS) barriers; and other non-tariff barriers.

The final act of the Multilateral Commercial Negotiations of the Uruguay Round, which established the World Trade Organization (WTO), was signed by Honduras on April 15, 1995. Since 1961, Honduras has also been a member of the Central American Common Market (CACM), which includes Costa Rica, El Salvador, Nicaragua, and Guatemala. Panama, although not a full member of the CACM, has participated in CACM activities. As of January 2009, the harmonized tariff level, as the common external tariff between CACM countries, was 94 percent of the entire customs duty schedule.

Members of the Northern Triangle CA-3 (Honduras, Guatemala, and El Salvador) signed a free trade agreement (FTA) with Mexico that went into effect in June 2001. Honduras has signed free trade agreements with Colombia, Panama, Chile, and Taiwan. At the regional level, a free trade agreement went into effect with the Dominican Republic in

December 2001. Regional FTA negotiations are also ongoing with Canada and the European Union.

Central America established a common external tariff schedule in 1998. Six countries signed a revised protocol for economic integration and macroeconomic coordination in October 1993. The integration protocol allows Central American countries to advance at varying rates toward more open trade. The "CA-3" has moved the most rapidly to eliminate trade barriers among themselves and is in the process of eliminating customs inspections at their common borders, relying instead on electronic documentation filed in advance.

Additional information on Honduras's bilateral and multilateral trade agreements is available at: http://www.sic.gob.hn/tratados_suscritos/

Contact Information

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National Standards Body

Science, Technology and Innovation Council (COHCIT)
(Organismo Hondureño de Normalización/OHN)

Mrs. Sandra Gómez, Coordinator

Apartado Postal No. 4458

Tegucigalpa, Honduras

Tel: (504) 228-6195; 230-3045; Fax: (504) 230-1899

E-mail: javela@cohcit.gob.hn

<http://www.cohcit.gob.hn>; <http://www.hondurascalidad.hn>

National Accreditation Body

Oficina Hondureña de Acreditación, OHA

Science, Technology and Innovation Council

Mrs. Liza Madrid, Coordinator

E-mail: lizamadrid@cohcit.gob.hn

Tel: (504) 228-6195; 230-3045; Fax: (504) 230-1899

<http://www.hondurascalidad.com>

<http://www.cohcit.gob.hn>

National Metrology Institute

Centro Hondureño de Metrología, CEHM

Science, Technology and Innovation Council

Mr. Efraín Paz, Coordinator

E-mail: epaz@cohcit.gob.hn

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<http://www.hondurascalidad.com>

<http://www.cohcit.gob.hn>

National Quality System

Science, Technology and Innovation Council

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- Honduran Ministry of Industry & Trade: <http://www.sic.gob.hn>
- Science , Technology and Innovation Council: <http://www.cohcit.gob.hn>
- National Quality System: <http://www.hondurascalidad.com>
- Secretariat for Central American Economic Integration <http://www.sieca.org.gt>
- Honduran Private Enterprise Council: <http://www.cohep.com>
- Chamber of Commerce of Tegucigalpa: www.ccit.hn
- Chamber of Commerce of Cortes: www.ccichonduras.org
- Honduran Customs Office: <http://www.dei.gob.hn>
- U.S. Department of Commerce: <http://www.export.gov/FTA/cafta-dr>
- USDOC Bureau of Industry & Security: <http://www.bis.gov>
- Foreign Agricultural Service: <http://www.fas.usda.gov>
- National Institute of Standards & Technology: <http://www.nist.gov/notifyus>

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Chapter 6: Investment Climate

***2010 Update for this section to be added shortly.**

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Openness to Foreign Investment

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Economic growth in 2006 and 2007 averaged more than 6 percent, led by the construction, agricultural and financial sectors. Remittances from Hondurans living in the United States, equaling more than a fifth of Honduran GDP, are a major contributor to domestic demand. However, the growth of remittances has slowed in the past two years and could become negative in 2009. GDP growth slowed to around 4 percent in 2008 and economic activity could deteriorate significantly in 2009 given the adverse international economic conditions.

U.S. exporters enjoy an enviable position in the Honduran market, and saw this position improve after implementation of the Central American Free Trade Agreement (CAFTA-DR) in 2006. CAFTA-DR was signed by the United States, Honduras, El Salvador, Nicaragua, Costa Rica, Guatemala, and the Dominican Republic in August 2004. Honduras was the second country to ratify CAFTA-DR, which entered into force for Honduras on April 1, 2006, one month after El Salvador and the United States. For U.S. goods destined for the Central American market, CAFTA-DR eliminates most tariffs and non-tariff barriers. It also provides protection for U.S. investments and intellectual property and creates more transparent rules and procedures for doing business. CAFTA-DR aims to eliminate inter-Central American tariffs and facilitate increased regional trade, benefiting U.S. companies manufacturing in Honduras.

The U.S. is the chief trading partner for Honduras, supplying 52 percent of Honduran imports and purchasing approximately 70 percent of Honduran exports. U.S. exports to Honduras in 2008 were \$4.8 billion, up approximately 9 percent from the previous year. Honduran tariffs on most goods from outside the Central American Common Market (CACM) are currently within the zero to 15 percent range. With CAFTA-DR in effect, about 80 percent of U.S. goods now enter the region duty-free, with tariffs on most of the remaining 20 percent to be phased out within 10 years. Nearly all textile and apparel goods that meet the agreement's rules of origin became duty-free and quota-free immediately, promoting new opportunities for U.S. fiber, yarn, fabric, and apparel manufacturers. Honduras is the seventh largest exporter of apparel and textile products by volume to the U.S. market behind Mexico and China and first among Central American and Caribbean countries.

The stock of U.S. investment in Honduras at the end of 2007, on an historical cost basis, was \$968 million, according to the U.S. Commerce Department. The United States continued to easily be the largest investor in Honduras in 2007, accounting for \$578.5 million, or 53.8 percent, of the total inflow. The United Kingdom comes next at 13.8 percent, followed by Mexico at 13.5 percent.

According to the Central Bank of Honduras (BCH), the flow of foreign direct investment (FDI) into Honduras in 2007 was \$929.3 million, up 37.8 percent from \$674.1 million in 2006. During 2007, Honduras was the third largest recipient of FDI flows in Central America, after Costa Rica and El Salvador. The BCH expects FDI inflow to top \$1 billion in 2008. Of the total FDI inflow, 23.6 percent (\$219.6 million) is directed toward the export processing (*maquila*) sector. Canada is the largest foreign investor in the *maquila* sector, with 51.3 percent of the total inflow in 2007, followed by the United States at 37.2 percent and South Korea at 5 percent. Sectors receiving the highest amounts of FDI in 2008 were telecommunications, construction, and *maquila* firms.

The Honduran government is generally open to foreign investment, with limited restrictions and performance requirements, although some U.S. investors have experienced unexpectedly extensive waiting periods for environmental permits and other regulatory and legislative approvals. U.S. companies tend to encounter problems most frequently investing in infrastructure and a few visible sectors, such as telecoms and energy. Domestic companies have been known to exercise political influence to keep foreign competitors out. Relatively low labor costs, proximity to the U.S. market, and Central America's best Caribbean port (Puerto Cortés) make Honduras attractive to investors. At the same time, however, Honduras's investment climate is hampered by high levels of crime, a weak judicial system, corruption, low educational levels and poor transportation and other infrastructure.

The Constitution of Honduras requires that all foreign investment complement, but not substitute for, national investment. However, CAFTA-DR, which has equal status in Honduras with the Constitution, requires national treatment and most favored nation treatment for U.S. investors in most sectors of the Honduran economy. Companies that wish to take advantage of the Agrarian Reform Law, engage in commercial fishing, forestry, or local transportation activities, serve as representatives, agents, or distributors for foreign companies, or operate radio and television stations must have Hondurans as majority owners.

The 1992 Investment Law, which still largely governs investment conditions in Honduras, guarantees national treatment to foreign private firms in Honduras, with only a few exceptions. The law does not limit foreign ownership of businesses, except for those specifically reserved for Honduran investors, i.e., small firms with capital less than 150,000 Lempiras. For all investments, at least 90 percent of a company's labor force must be Honduran, and at least 85 percent of the payroll must be paid to Hondurans. The obligations of the CAFTA-DR Investment Chapter supersede the 1992 law, since under the Honduran Constitution international treaties are self-executing.

Additionally, government authorization is required for both foreign and domestic investors in the following areas:

- Basic health services,
- Telecommunications,
- Generation, transmission, and distribution of electricity,
- Air transport,
- Fishing, hunting and aquaculture,
- Exploitation of forestry resources,
- Investigation, exploration, and exploitation of mines, quarries, petroleum and related substances,
- Agricultural and agro-industrial activities exceeding land tenancy limits established by the Agricultural Modernization Law of 1992 and the Land Reform Law of 1974,
- Insurance and financial services, and
- Private education services.

Under the Government Contracting Law, which entered into force in October 2001 and is based on the CAFTA-DR Government Procurement Chapter, all public contracts over one million Lempiras (about US \$53,000) must be offered through public competitive bidding. Public contracts between 500,000 and 1 million Lempiras (\$26,000 - 53,000) can be offered through a closed bid, and contracts less than 500,000 Lempiras (\$26,000) are exempt from the bidding requirements. CAFTA-DR eliminated the requirement that foreign firms act through a local agent (at least 51 percent Honduran-owned) to participate in public tenders.

CAFTA-DR requires fair and transparent procurement procedures, including advance notice of purchases and timely and effective bid review procedures. Under CAFTA-DR, U.S. suppliers are permitted to bid on procurements covered by the agreement for most Honduran government entities, including key ministries, on the same basis as Honduran suppliers. The anti-corruption provisions require each government to ensure that bribery in matters affecting trade and investment, including in government procurement, is treated as a criminal offense, or is subject to comparable penalties, under its law. Many question the ability or willingness of Honduras to investigate and prosecute these types of crimes. However, the bid process for an Inter-American Development Bank-funded computer system for the National Electric Company (ENEE) was voided in late 2008 due to improper notification procedures. Since CAFTA-DR came into effect, numerous government agencies have routinely declared "emergencies" to circumvent competitive bidding procedures for public procurements, including for large infrastructure projects. Honduras is not a signatory to the WTO Agreement on Government Procurement.

The 1992 Investment Law requires that all local and foreign direct investment be registered with the Investment Office in the Ministry of Trade and Industry. Upon registration, an investor is issued an investment certificate, which provides investment

protection under the law and guarantees investors' international arbitration rights. These rights are further reinforced under CAFTA-DR.

In 2002, the Government of Honduras ratified a law for the simplification of administrative procedures for establishing a company. Through this new legislation, the government has made significant improvements in streamlining procedures and eliminating administrative obstacles. The time required for establishing an enterprise was reduced to an average of 21 days in 2007-2008 from 62 in 2005, according to the 2009 World Bank Doing Business Index. Foreign businesses setting up operations in Honduras are subject to the Commercial Code, which recognizes several types of mercantile organizations: individual ownership, general partnership, simple limited partnership, Limited Liability Company, corporation and joint stock company.

Management of Honduras' four international airports was turned over to a consortium with majority U.S. investment in October 2000, the only major privatization effort in recent years. A dispute soon developed over the financing of certain projects that the consortium agreed to undertake. The agreement between the consortium and the government was re-negotiated in 2003 and approved by the Honduran Congress in February 2004. Controversy continues over the terms of this agreement, and U.S. investors divested from this consortium in 2005. The airports concession was acquired by Honduran investors, led by Grupo Terra, in late 2005.

In September 2003, the Honduran government opened the telecommunications market for sub-operators to provide services under contract with Hondutel, Honduras's state-owned telephone company. Under the new program, foreign and domestic carriers can register with Honduras' regulatory body, Conatel, as sub-contractors for Hondutel fixed telephony services. Hondutel officially lost its monopoly on fixed-line telephony on December 25, 2005. Although this is a positive step towards the liberalization of the telecom sector, the process through which foreign companies can obtain licenses to provide long distance and international dialing has not yet been established. Legislation to liberalize the telecommunications market has been under discussion for more than two years. As of December 2008, neither the comprehensive telecommunications reform bill nor the implementing regulations that would level the playing field for foreign investors had been passed by Congress. Currently, all sub-operators must obtain approval from Congress.

Cellular telephony services, however, are open to full private ownership. In 2006, Hondutel awarded itself the third of three cellular licenses on a noncompetitive basis. In January 2008 Digicel, a Jamaican-Irish company with impressive growth in the Caribbean and Central America, beat three other international firms to win a fourth cellular license with a bid of \$80 million. The company initiated service in Honduras in November 2008, with an aggressive marketing campaign, and was expected to invest more than US\$ 400 million in infrastructure by the end of 2008.

Although most electricity generation in Honduras is in private hands, the National Electric Company (ENEE) retains a monopoly over transmission and distribution and controls most hydroelectric generation. ENEE has been losing money for years and by 2007 was effectively bankrupt. Rates were raised sharply in 2008, improving ENEE's cash flow situation, and the Honduran government issued bonds to pay off its arrears to private power producers. ENEE badly needs additional investment in transmission lines and other infrastructure, as well as to improve its collection and internal controls. In

addition, new generating capacity needs to be added to avoid power rationing and rolling blackouts, as electricity demand is quickly overtaking supply. Emergency bids to supply 200 megawatts of coal-fired capacity encountered problems in late 2008. A contract to supply 100 MW of wind power was approved in October 2008, but the project will not likely produce any new energy supply until 2010. Many businesses are opting to install their own on-site power generation systems to supplement, back-up or substitute for power from ENEE.

The Honduran government is working to modernize Puerto Cortés, and the U.S. Trade and Development Agency has paid for feasibility studies. The National Port Company (ENP) has ambitious plans to expand and modernize the port and has secured financing commitments from the Interamerican Development Bank and the Central American Bank for Economic Integration. The project is proceeding slowly, and current ENP management is opposed to private participation or eventual privatization.

In 2005, Puerto Cortés became a member of the U.S. government's Container Security Initiative and Megaports Initiative and is currently authorized under the combined Secure Freight Initiative. It was the first port in the Western Hemisphere to qualify under both programs, which represents a major advantage for Honduras.

A law enacted in October 2003 grants municipalities the right to manage water distribution themselves, and, if they wish, to grant concessions to private enterprises. The law establishes a transition period of five years from its date of publication, after which the current national water service, SANAA, will be disbanded and exist only to provide technical assistance to the new service providers. To date, many of the water systems have not yet been transferred and, according to government sources, the period for completing this transition will be extended.

The Ministry of Natural Resources and Environment commonly takes a year or more to issue environmental permits for U.S. and other investors. Delays are especially common in the mining, housing, and renewable energy sectors.

Foreign mining companies operating in Honduras have faced difficulties in recent years, including allegations of pollution and squatter invasions. Industry sources assert that all seven versions of a new Mining Law under consideration by the Honduran Congress would effectively tax mining firms out of existence. Whether any of these bills will pass, when, with what modifications, and whether the law would address only precious metals or all extractive industries is unknown. There is currently a moratorium against new mining concessions in Honduras.

In 2001, a Bilateral Investment Treaty (BIT) between the United States and Honduras entered into force. The treaty provides, among other things, equal protection under the law for U.S. investors, with limited exceptions, and permits expropriation only in accordance with international legal standards and accompanied by adequate compensation. U.S. investors in Honduras also have the right to submit an investment dispute to binding international arbitration.

Under CAFTA-DR, U.S. investors enjoy, in almost all circumstances, the right to establish, acquire, and operate investments in Honduras on an equal footing with local investors. In the investment chapter of CAFTA-DR, Honduras committed to provide a higher level of protection for U.S. investors than under the 2001 BIT. Among the rights

afforded to U.S. investors are due process protections and the right to receive a fair market value for property in the event of an expropriation. Investor rights will be backed by an effective, impartial procedure for dispute settlement that is fully transparent. Submissions to dispute panels and panel hearings are open to the public, and interested parties have the opportunity to submit their views. Despite patchy enforcement in practice, CAFTA-DR requires that all forms of investment be protected, including enterprises, debt, concessions, contracts, and intellectual property. Upon entry into force of CAFTA-DR, the BIT was suspended. For a period of 10 years, however, U.S. investors may choose dispute settlement either under the BIT or CAFTA-DR.

The lack of judicial security and endemic corruption are major problems for investors in Honduras. Judicial processes are long and opaque, and property titles are frequently not respected. Honduras scored lower than all other CAFTA-DR countries, except Nicaragua, in the 2008 Transparency International Corruption Perceptions Index; with a score of 2.6 out of 10. In the 2009 World Bank Doing Business Index, Honduras ranked 133 out of 181, lower than all of its neighbors.

The impressive economic growth of the past four years – more than 6 percent a year – has begun to make inroads against endemic poverty in Honduras; but serious distortions in the employment market persist. Honduras is one of the poorest countries in Latin America with a per-capita GDP \$1,635 in 2007. About 38 percent of the workforce is considered either unemployed or underemployed. This does not include the roughly 1 million Hondurans who have immigrated – legally or illegally – to the United States in search of jobs or better economic opportunities. Personal security is a major concern in Honduras, with theft, pickpocketing, and armed robberies occurring frequently in urban areas. Honduras also has a very high and rising incidence of murder and other violent crimes. The murder rate is roughly eight times that of the United States and is one of the highest in the hemisphere. American tourists and business people are not generally targeted on the basis of their nationality, but many have fallen victim like other residents of the country. Kidnappings for ransom increased significantly in 2008.

The Honduran government has committed itself, at least rhetorically to poverty alleviation and job creation. Official external debt forgiveness totaling roughly \$4 billion in recent years freed up considerable resources for anti-poverty programs. However, donors have expressed disappointment with the government's execution of its anti-poverty strategy. Nonetheless, official household surveys indicated significant declines in measured poverty, especially "extreme" poverty, between 2005 and 2007. Results of the May 2008 survey were not yet available as of late December 2008 and may show some reversal of that trend. Unemployment and underemployment fell slightly from 2006 to 2007, but many firms announced layoffs in late 2008 in the wake of the global financial crisis, especially in export-processing (*maquila*) industries. Honduras signed a 5-year compact with the U.S. Millennium Challenge Corp. in 2005 that is to provide an additional US \$215 million for anti-poverty programs through 2010. The bulk of the funds are being used for road construction and programs to boost incomes of small farmers.

Overall, Honduras enjoys relative political stability, a growing economy and proximity and preferential access to the U.S. market, all which make it an attractive location for U.S. firms to do business.

Regional integration should spur investment, growth, trade and continued market opportunities for U.S. firms in coming years.

Conversion and Transfer Policies

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The 1992 Investment Law guarantees foreign investors access to foreign currency needed to transfer funds associated with their investments in Honduras. This includes:

- Imports of goods and services necessary to operate,
- Payment of royalty fees, rents, annuities and technical assistance, and
- Remittance of dividends and capital repatriation.

The Central Bank uses an auction system to regulate the allocation of foreign exchange. New regulations were published on November 26, 2007, in Gaceta No. 31,467 (*Reglamento para la Negociación Pública de Divisas en el Mercado Cambiario.*) These establish the following:

- The base price is established every 5 auctions according to the differential between the domestic inflation rate and the inflation rate of the main commercial partners of Honduras;
- The procedure to determine the base price is set by the Central Bank's Board of Directors;
- The Board of Directors will establish through resolutions the exchange commission to be charged by the Central Bank and the exchange agencies in their foreign exchange transactions;
- Individuals and corporate bodies can participate in the auction system for dollar purchases, either by themselves or through an exchange agency expressing the offered price in Lempiras with a maximum of four decimals. The offers cannot be less than \$10,000 and more than \$300,000 for individuals or more than \$1,200,000 for corporations.

Additional information on the Central Bank's auction system is available at <http://www.bch.hn>. To date, the U.S. Embassy in Honduras has not received complaints from individuals with regard to converting or transferring funds associated with investments.

In 2008, the Lempira held steady against the dollar at a rate of 18.8993 per 1.00 USD and the government was resisting IMF pressure to devalue the currency.

Expropriation and Compensation

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The Honduran government has the authority to expropriate property for purposes of land reform (usually related to a land invasion by farmer groups) or for public use. Disputes related to land seizure actions by the Honduran National Agrarian Institute (INA) are common for both Honduran and foreign landowners. U.S. citizens have experienced land disputes particularly in coastal regions. According to the National Agrarian Reform Law, idle land fit for farming can be expropriated and awarded to landless poor.

Generally, an INA expropriation case begins after squatters invade unprotected property. The squatters then file for the land with the INA under the Agrarian Reform Law. In most cases, claimants have found that pursuing the subsequent legal avenues is costly and time consuming, and rarely leads to positive results. Compensation for land expropriated under the Agrarian Reform Law, when awarded, is paid in 20-year government bonds.

Dispute Settlement

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The Honduran government has a poor record of handling investment disputes, due to an outdated commercial code and a weak judicial system. The Honduran Commercial Code is the main legislation that regulates the operations of businesses in the country. This code was written in 1950 and needs to be updated. The application of the Commercial Code and its regulations falls under the jurisdiction of the Honduran civil court system.

Most investment and property disputes are long lasting and arduous. U.S. claimants frequently complain about the lack of transparency and the slow administration of justice in the courts. There are also complaints that the Honduran judicial system caters to favoritism, external pressure and bribes. While some U.S. firms have satisfactorily resolved their cases through the courts, the majority have difficulty navigating the legal system. Many U.S. citizens have also complained about the quality of legal representation they receive from Honduran attorneys.

A new Civil Procedures Code (CPC), approved by the Honduran Congress on January 19, 2007, is expected to transform the entire civil-court system by establishing adversarial proceedings based on open, oral arguments. This will make civil proceedings more transparent, corruption more difficult to conceal, and civil justice more accessible, accountable, and fair. The CPC will provide more effective protection of commercial transactions, property rights, and land tenure. There will also be enhanced efficiency of rulings mandated by foreign courts. The CPC is being reviewed as a model for similar reforms in Guatemala, Costa Rica, and Nicaragua.

Arbitration:

CAFTA-DR provides dispute settlement procedures between the United States and Honduras. Domestically, Honduras's Conciliation and Arbitration Law (Decree 161-2000) – which seeks to encourage arbitration and clarify the procedures under which arbitration takes place – entered into force in March 2001. In September 2001, Centers for Conciliation and Arbitration were established within the Chambers of Commerce and Industry in Tegucigalpa and San Pedro Sula. Arbitration and conciliation are generally considered swifter and more cost-effective means of resolving disputes between commercial entities, and there may be the additional advantage that the arbitrator or mediator may have specialized expertise in the technical area involved in the dispute.

However, U.S. companies and U.S. citizens who have gone through an arbitration process have expressed disappointment with both the slow pace and lack of transparency of the procedure.

Honduras has been a member of the ICSID (International Center for the Settlement of Investment Disputes) since March 1989.

There are relatively few performance requirements in Honduras. The 1992 Investment Law guarantees freedom to export and import to all foreign investors, and eliminates the requirement of prior administrative permits and licenses, except for statistical registries and customs procedures.

Application procedures for service suppliers in all sectors are generally simple, clear and non-discriminatory. Honduras' service sector is widely accessible to foreign companies, including current U.S. participation in the Honduran banking, insurance and accounting markets. In both the banking and insurance sectors, the general rule is that foreign companies operate on an equal footing with local companies, so long as the foreign company establishes a branch or subsidiary in Honduras. However, there are restrictions on cross-border services and offshore operations. Insurance may not be offered on a cross-border basis, and a foreign bank wishing to operate offshore must establish a representative office in Honduras, which entails reporting requirements and other procedures which are very cumbersome. Furthermore, a Honduran branch of a foreign bank may only operate based on its capital in Honduras, not on its global or regional capital.

Honduran law prohibits discriminatory or preferential export and import policies affecting foreign investors. In practice, however, the Honduran government has at times used sanitary and phyto-sanitary requirements to prevent imports of U.S. poultry, milk products, pork, feed grains and rice to Honduras. Changes in sanitary and phyto-sanitary requirements are not always reported to the WTO as required, which creates uncertainty among U.S. suppliers and Honduran importers. Under CAFTA-DR, Honduras has agreed to apply the science-based disciplines of the WTO Agreement on Sanitary and Phyto-sanitary Measures, and will move towards recognizing export eligibility for all plants inspected under the U.S. food safety and inspection system.

The Honduran government requires that sanitary permits be obtained from the Ministry of Health for all imported foodstuffs, and that all processed food products be labeled in Spanish and registered with the Division of Food Control (DFC) of the Ministry of Health. Some U.S. businesses have complained that delays in the process of granting these permits hamper their ability to import products into Honduras. U.S. companies have also reported that these regulations are not always strictly enforced for Honduran companies. This may place U.S. companies that comply with the regulations at a disadvantage.

Additional import restrictions, based mainly on public health, public morality, and national security grounds, remain in place. For example, restrictions are imposed on the importations of firearms and ammunitions, toxic chemicals and pornographic material.

U.S. citizens wishing to travel to Honduras do not need a visa prior to arrival. Foreigners interested in working in the country must obtain a resident visa from the Honduran Ministry of Government and a work permit from the Ministry of Labor. The process for obtaining a resident visa and work permit may take up to three months.

Incentives:

In 1999, the Honduran National Congress passed a Tourism Incentives Law, which offers tax exemptions for national and international investment in tourism development projects in Honduras. The law provides income tax exemptions for the first ten years of the project and permits the duty-free import of goods needed for the project, including publicity materials. In June 2002 a reformed law was passed, offering the same basic incentives, but with a narrower definition of who may qualify for the incentives. For example, restaurants were included as a duty-free tourist activity in the 1999 law, but removed in the 2002 law. This change is due in large part to the current saturation of the fast food and restaurant market, since many franchises established locations in Honduras under the duty-free incentives of the 1999 law. Other enterprises now excluded from the law's benefits are casinos, nightclubs and movie theaters. In addition, a requirement was added that a business must be located in a designated tourism zone in order to qualify for tax exemptions and duty-free status. For information on investment incentives offered in Free Trade Zones, please see the section on Foreign Trade Zones/Free Ports below.

Right to Private Ownership and Establishment[Return to top](#)

The 1992 Investment Law guarantees both local and foreign investors the right to own property, subject to certain restrictions established by the Honduran Constitution and several laws relating to property rights. This guarantee includes the right to free acquisition, profit, use, disposition and any other right attributable to property ownership. The major exception is the constitutional prohibition of foreign ownership of land within 40 kilometers of international borders and shorelines, although Honduran law now permits foreign individuals to purchase properties in designated "tourism zones" (see section on Land Rights below.)

Investors have the right to freely establish, acquire and dispose of interests in business enterprises at market prices, under freely negotiated conditions and without government intervention. However, in several instances since 2006 the government of Honduras arbitrarily established de facto or de jure price controls on products being sold by private firms, and in the case of fuels considered nationalizing all imports and closing the market to competition. Although this debate has disappeared from the Honduran government agenda, international fuel importers claim revenue loss from the fixed price formula used to determine their profit on fuel sales. Private enterprises compete on an equal basis with public enterprises with respect to access to markets, credit and other business operations.

Protection of Property Rights[Return to top](#)**Intellectual Property Rights:**

Although Honduras does not host large-scale in-country optical pirating, pirated goods are imported from neighboring countries, and the piracy of books, sound and video recordings, compact discs and computer software is widespread. Confiscations have steadily increased with new CAFTA-DR ex-officio powers, although the sale of pirated

goods continues unabated. The illegitimate registration of well-known trademarks has also been a problem. Success in protecting intellectual property rights (IPR) rests primarily on the government of Honduras' ability to effectively implement its current laws, rather than a need for further legislation. The Property Institute (IP) handles protection of intellectual property rights.

Honduras largely complied with the Trade Related Aspects of Intellectual Property Rights (TRIPS) Agreement by the January 1, 2000, deadline. In December 1999, the Honduran Congress passed two laws to correct deficiencies in previous legislation concerning copyrights, patents and trademarks. The Copyright Law added more than 20 different criminal offenses related to copyright infringement and establishes fines and suspension of services that can be levied against offenders. The Law of Intellectual Property, which covers both trademarks and patents, included modifications on patent protection for pharmaceuticals, extending the term from seventeen to twenty years to meet international standards. In 2006 the Honduran Congress passed legislation governing the designs of integrated circuits and plant variety protection as a measure to bring it into compliance with its CAFTA-DR commitments. However, in the case of plant variety protection practical, implementing measures – such as the establishment of an office dedicated to the matter or the training of officials – have yet to be completed.

In early 2006, Honduras strengthened its legal framework for the protection of intellectual property rights (IPR) with the passage of new laws in preparation for the entry into force of CAFTA-DR. The laws provide stronger deterrence against piracy and counterfeiting by, for example, requiring Honduras to authorize the seizure, forfeiture, and destruction of counterfeit and pirated goods and the equipment used to produce them. They also provide for the establishment of statutory damages for copyright and trademark infringement, to ensure that monetary damages can be awarded even when losses associated with an infringement are difficult to assign. CAFTA-DR also requires Honduras to protect undisclosed test data submitted for the purpose of product marketing approval of pharmaceutical and agricultural chemical products against disclosure and unfair commercial use. However, as of the end of 2008, implementing regulations for these laws were still under development.

Finally, CAFTA-DR provides authorities the ability to confiscate pirated goods and investigate intellectual property cases on their own initiative. Honduran government prosecutors have engaged in a series of raids against producers and vendors of pirated goods. This renewed emphasis on enforcement marks a notably positive shift towards greater anti-piracy efforts. Honduras became a member of the World Intellectual Property Organization (WIPO) in 1983, and became party to the WIPO Copyright Treaty (WCT) and the WIPO Performances and Phonogram Treaty (WPPT) in May 2002. Honduran law protects data exclusivity for a period of five years, and protects process patents, but does not recognize second-use patents.

Land Rights:

U.S. citizens should exercise extreme caution before entering into any form of commitment to invest in property, particularly in coastal areas and the Bay Islands. Honduran laws and practices regarding real estate differ substantially from those in the United States, and fraudulent deeds and titles are common. There is no title insurance in Honduras. In addition, the Honduran judicial system is weak and inefficient, often prolonging disputed cases for many years before resolution. Approximately 80 percent of the privately held land in the country is untitled. Americans have spent thousands of

dollars in legal fees and years of frustration trying to resolve property disputes, even in cases in which local attorneys and Honduran and U.S. real estate agents had given assurances to the investor. There have been claims of widespread corruption in land sales and the registry and dispute resolution process, including claims against attorneys, real estate companies, judges and local officials. Property registration often is not up to date, nor can the results of title searches be relied upon. Violence has been used against Americans involved in disputed property cases. Potential investors should engage competent local legal representation before making any commitments. Investors should thoroughly check references of attorneys and real estate agents. The purchase of land in Honduras by foreigners should be undertaken only with great caution.

Article 107 of the Honduran Constitution prohibits foreign ownership of property in Honduras that lies within 40 kilometers (25 miles) of the Caribbean Sea, the Gulf of Fonseca, international borders, or on any of the islands and cays belonging to Honduras. However, recognizing that the constitutional prohibition of foreign property ownership in Honduras was a barrier to development of tourism and the economic potential of Honduras' coastal and island areas, the Honduran National Congress passed a law in 1990 to allow foreigners to purchase properties in designated tourism zones established by the Ministry of Tourism in order to construct permanent or vacation homes. This law was challenged as unconstitutional in 2004, but in January 2005 the Supreme Court upheld the new law, thus permitting foreigners to continue to own littoral and frontier property.

Foreigners or foreign companies seeking to purchase property in designated tourism zones exceeding 3,000 square meters in size or for tourism or other development projects must present an application to the Honduran Tourism Institute at the Ministry of Tourism. In addition to providing the requested personal information, the potential buyer must also prove that a contract to buy a specific property exists and that it is registered with the Honduran Tourism Institute. The buyer must also present feasibility studies and plans about the proposed tourism or economic development project.

According to the 2009 World Bank's Doing Business Index (DBI), registering property in Honduras requires seven procedures, takes 23 days, and costs 5.5 percent GNI per capita.

A summary of procedures is as follows:

1. Verification of property background;
2. Verification that municipal taxes have been paid;
3. The notary issues the deed (preliminary);
4. Payment of taxes and fees at a commercial bank;
5. Notary issues the first copy of the deed;
6. Registration at the Property Office; and
7. Registration of the change of ownership in the Cadastre office.

Transparency of Regulatory System

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The Honduran government does not publish regulations before they enter into force and there is no formal mechanism for providing proposed regulations to the public for comment. Regulations must be published in the official government Gazette in order to enter into force. Honduras lacks an indexed legal code, and lawyers and judges must maintain and index the publication of laws on their own. Procedural red tape to obtain

government approval for investment activities is very common. Foreign market participants who are represented locally and are members of connected private sector groups essentially have access to the same information as their Honduran counterparts. The lack of a formal notification process excludes most non-governmental groups, including foreign companies, from commenting on regulations.

The Honduran legal system is not efficient or transparent. U.S. claimants frequently complain about the lack of transparency and the slow administration of justice in the courts. There are also complaints that the Honduran judicial system suffers from favoritism, external pressure and bribes. While some U.S. firms have satisfactorily resolved their cases through the courts, the majority have difficulty navigating the legal system. Many U.S. citizens have also complained about the quality of legal representation they receive from Honduran attorneys.

Efficient Capital Markets and Portfolio Investment

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There are no government restrictions on foreign investors' access to local credit markets. However, the local banking system is conservative and generally extends only limited amounts of credit. Interest rates have been steadily declining for several years, but remain high. As of July 2009, the average lending rate for a loan in Lempiras was 15.92 percent, up from 15.22 percent a year earlier, and 10.05 for a loan in U.S. dollars, up from 8.81 percent a year earlier. Local banks should not be considered a significant source for start-up capital for new foreign ventures, unless they use specific business development credit lines made available by bilateral or multilateral financial institutions, such as the Central American Bank for Economic Integration.

Loans from banks tend to be short-term, with substantial collateral and/or guarantee requirements. Several regional and international banks acquired new operations or expanded existing operations in Honduras in 2006, including Citigroup, HSBC, and GE Capital. Increased competition and higher standards overall have led to more competitive lending practices and an expansion of credit that could benefit potential investors.

There are a limited number of credit instruments available in the local market. The only security exchange operating in the country is the Central American Securities Exchange (BCV) in Tegucigalpa (<http://www.bcv.hn>). The Honduran Securities Exchange (BHV) in San Pedro Sula, another securities exchange, ceased operations in 2004. The Central American Securities Exchange is supervised by the National Banking and Insurance Commission (CNBS). Instruments that can be traded theoretically include bankers' acceptances, repossession agreements, short-term promissory notes, Honduran government private debt conversion bonds and land reform repayment bonds. However, in practice, the market is nearly 100 percent composed of short-term government securities, and no formal secondary market for these bonds exists. No private firms currently sell commercial paper or corporate stock on the exchange. Any private business is eligible to trade its financial instruments on the exchange, and firms that participate are subject to a rigorous screening process. Historically, traded firms generally have had economic ties to the different business/financial groups represented as shareholders of the exchange, which has led to lax risk management practices and an enduring loss of public confidence in the institution. Supervision of the exchange has

traditionally been inadequate, even though a new law regulating security exchanges was passed in 2001.

Investors should exercise caution before putting money into the BCV. There is no regulatory body for the accounting profession in Honduras. The Association of Public Accountants is responsible for certifying practicing professionals. In general, Honduran businesses adhere to international Generally Accepted Accounting Principles (GAAP). These principles are normally applied per guidelines from the Ministry of Finance's General Directorate for Taxation. The Honduran financial system is comprised of commercial banks, state-owned banks, savings and loans and finance companies. There are currently 17 commercial banks operating in Honduras. Of these 17 banks, 10 have majority foreign ownership, accounting for 50.1 percent of total bank capital (as of November 2008). There is limited off-shore banking in Honduras.

The Honduran banking sector recently experienced a wave of consolidation. Between 1999 and 2002, four Honduran banks either collapsed or were liquidated, including the collapse of Bancorp in 1999 and Banhceser in 2001. In 2002, the CNBS forced the liquidation of Banco Capital, and placed another bank, Banco Sogerin, under the supervision of the national Deposit Insurance Fund until it was sold in 2003. In 2005-2006, HSBC purchased Banlstmo, GE Capital purchased 49 percent of BAC and Banco Mercantil, and Citigroup purchased Banco Cuscatlan and Banco Uno. Each of these was a regional bank with limited exposure in Honduras. BAC merged with Bamer in 2007.

In September 2004, at the insistence of the IMF, the Honduran Congress passed a set of four financial sector reform laws that have lead to reasonable improvements in supervision of the banking system. The four laws reformed the Deposit Insurance Fund, the Central Bank, the National Banking and Insurance Commission, and the general system of financial supervision. A fifth law, passed in December 2004, established new and stronger penalties for financial crimes including bank fraud. The major challenge to implementation of these laws appears to be a lack of random selection in the auditory process.

Political Violence

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Honduras has not experienced major problems with domestic political violence. Political demonstrations do occur sporadically, and they can disrupt traffic, but they are generally announced in advance and are usually peaceful. Most major demonstrations occur in downtown Tegucigalpa, but demonstrators have also blocked roads intermittently throughout the country on occasion. Travelers should avoid areas where demonstrations are taking place, and they should keep informed by following the local news and consulting hotel personnel and tour guides. For the latest security information, Americans traveling abroad should regularly monitor the State Department's Internet website (<http://travel.state.gov>), where the current Travel Warnings and Public Announcements, can be found. Americans living or traveling in Honduras are encouraged to register with the U.S. Embassy through the State Department's travel registration website (<https://travelregistration.state.gov/ibrs>).

While political violence is not a major concern, levels of crime and violence are high, and do represent a major constraint on investment. In a World Bank survey conducted in

2002 of both Honduran and foreign firms operating in Honduras, one in three firms surveyed reported having suffered a criminal attack in the previous year. These attacks led to a loss of 0.9 percent of annual sales, and expenses devoted to security measures (hiring security guards, installing alarms, etc.) represented another 3.6 percent of annual sales. Total losses due to a lack of security therefore added up to 4.5 percent of sales - a significant proportion, second in the region only to Guatemala.

Reinforced by the media and several political watchdog organizations, concerted efforts to protect human rights and civil liberties continue. Organized labor represents approximately 8 percent of the work force and its economic and political influence continues to decline.

Corruption

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Two codes regulate justice and provide for penalties against corruption: the Criminal Procedures Code (CPC) and the Penal Code (PC). In 2002, a reform of the CPC entered into force, changing the criminal judicial system from a traditional written inquisitorial trial system to an adversarial, oral, and public trial system. The new CPC is improving justice and accountability in a number of ways, including increased transparency in the criminal process.

The main responsibility for fighting corruption lies with the Public Ministry, under the direction of the Attorney General (Fiscal General). In 2002, the Government created a new control entity, the Superior Accounting Tribunal (TSC) which brought together the Comptroller General of the Republic (CGR), the Directorate of Administrative Probity (Ethics office) and the Office of State Assets under one roof and under the direction of three members selected by Congress. While the TSC has undertaken numerous investigations, it has had no noticeable effect in limiting or reducing corruption in Honduras. However, during 2008, the TSC on numerous occasions publicly criticized certain high-profile government contracts.

Historically, many U.S. firms and citizens operating in Honduras have found corruption to be a serious problem and a constraint to successful investment. In a World Bank survey conducted in 2002 of both Honduran and foreign firms operating in Honduras, corruption was identified as the single largest constraint to economic growth. In its 2008 corruptions perception survey of businesspeople, Transparency International named Honduras as the seventh-most corrupt country in the Western Hemisphere, calling its level of corruption "rampant." Corruption appears to be most pervasive in government procurement, government permits, and in the buying and selling of real estate (land titling). With considerable U.S. help, the government is reforming Honduras' judicial system and reducing elite immunity and corruption, though serious problems remain in these areas. Bribery is a criminal act in Honduras and, depending on the degree of the offense, is subject to fines or incarceration. A bribe to a foreign official is also a criminal act under U.S. law (the Foreign Corrupt Practices Act).

Bilateral Investment Agreements

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On July 12, 2001, a Bilateral Investment Treaty (BIT) between the U.S. and Honduras entered into force. The Treaty provides for equal protection under the law for U.S. investors in Honduras and permits expropriation only in accordance with international law standards and accompanied by adequate compensation. U.S. investors in Honduras also have the right to submit an investment dispute to binding international arbitration. The U.S.-Honduras Treaty of Friendship, Commerce and Consular Rights (1928) provides for Most Favored Nation treatment for investors of either country. The U.S. and Honduras also signed an agreement for the guarantee of private investments in 1955 and an agreement on investment guarantees in 1966. Honduras signed a Tax Information Exchange Agreement with the U.S. in 1992. Provisions for investment are included in bilateral commercial treaties between Honduras and Costa Rica, El Salvador, Guatemala, Panama and the Dominican Republic. Honduras also has bilateral investment agreements with the United Kingdom and Spain.

CAFTA-DR not only liberalized bilateral trade between the United States and the region, but also furthered integration efforts among the countries of Central America, removing barriers to trade and investment in the region by U.S. companies. CAFTA-DR also requires the countries of Central America to undertake needed reforms to alleviate many of the systemic problems noted above, including protection of intellectual property rights, openness of government procurement, financial services market access and protection, alleviation of sanitary and phyto-sanitary barriers, and others.

OPIC and Other Investment Insurance Programs

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The U.S. Overseas Private Investment Corporation (OPIC) provides loan guarantees, which are typically used for larger projects, and direct loans, which are reserved for projects sponsored by or substantially involving U.S. small businesses and cooperatives. OPIC can normally guarantee or lend from \$100,000 to \$250 million per project. OPIC also offers insurance against risks of currency inconvertibility, expropriation and political violence. In July 2004, OPIC concluded a new bilateral investment treaty with Honduras. The agreement updates the one signed in 1966, and should streamline OPIC support for U.S. investment in Honduras. For additional information on OPIC financing, insurance, and other programs that assist U.S. businesses overseas, please visit <http://www.opic.gov>.

Other countries, including Germany, the United Kingdom, Taiwan, Spain, Italy, Switzerland and Japan provide insurance and guarantees for their companies doing business in Honduras. In addition, Honduras is a party to the World Bank's Multilateral Investment Guarantee Agency (MIGA).

Labor

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Honduras has a significant availability of labor for industries with a demand for relatively low skilled workers, given the low average education level of its population. There is a limited supply of skilled workers in all technological fields, including medical and high technology industries.

In general, Honduran labor laws are good. There are several concerns, however, in enforcement and inefficiency in the courts. Honduras has the lowest caseload in the region, making it difficult for workers to seek rulings on their claims. The *maquila* sector has made great strides in eliminating the worst forms of labor violations. Union officials remain critical of what they perceive as inadequate enforcement by the Ministry of Labor (MOL) of workers' rights, particularly the right to form a union and bargain collectively, and the reinstatement of workers unjustly fired for union organization activities. Through cooperation within the bipartite and tripartite commissions (unions, MOL, private sector) and other venues, MOL inspectors' access to *maquila* plants to enforce the labor code has improved, and MOL has continued to work to increase its effectiveness in enforcing worker rights and child labor laws.

The labor law prescribes a maximum 8-hour workday and 44-hour week. There is a requirement for at least one 24-hour rest period every week. The Labor Code provides for a paid vacation of 10 workdays after one year, and of 20 workdays after four years. The Constitution and Labor Code prohibit the employment of persons under the age of 16, with the exception that a 15-year old may be permitted to work with written parental consent and permission from the MOL. All persons under 18 years of age are prohibited from night work, dangerous work and full time work.

The Children's Code (September 10, 1996) prohibits a person of 14 years of age or less from working, even with parental permission, and establishes prison sentences of 3 to 5 years for individuals who allow children to work illegally. An employer who legally hires a 15-year-old must certify that the young person has finished or is finishing compulsory schooling. The MOL grants a number of work permits to 15-year-olds each year. Document fraud is prevalent among minors interested in working. Many violations of the children's code occur in the agricultural sector and informal economy. Additional information about Honduran labor legislation, including copies of the laws themselves, can be found (in Spanish only) at www.leylaboral.com.

Foreign-Trade Zones/Free Ports

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There are no known export subsidies provided by the Honduran government. The Temporary Import Law (RIT) allows exporters to introduce raw materials, parts and capital equipment (except vehicles) into Honduras exempt from surcharges and customs duties if the input is to be incorporated into a product for export (up to five percent can be sold locally). Export processing zones can be established anywhere in the country, and companies operating in export processing zones are exempt from paying import duties and other charges on goods and capital equipment. In addition, the production and sale of goods within export processing zones are exempt from state and municipal income taxes for the first ten years of operation. Companies operating in an export processing zone are permitted unrestricted repatriation of profits and capital and have access to onsite customs facilities. However, companies are required to purchase the Lempiras needed for their local operations from Honduran commercial banks or from foreign exchange trading houses registered with the Central Bank.

Most industrial parks and export processing zones are located in the northern Department of Cortés, with close access to Puerto Cortés, Honduras's major Caribbean port, and San Pedro Sula, Honduras's major commercial city and a transportation crossroads. Industrial parks and export processing zones are treated as offshore

operations. Therefore, customs duties must be paid on products manufactured in the parks and sold in Honduras. In addition, if Honduran inputs are used in production, they are treated as exports and must be paid for in U.S. dollars. While most companies that operate in these parks are involved in apparel assembly, the government and park operators are beginning to diversify into other types of light industry, including automotive parts and electronics assembly.

Privately-owned tourism zones may be established to promote the development of the tourism industry in Honduras. The law allows for the free importation of equipment, supplies, and vehicles to businesses operating in designated tourism zones, with certain restrictions (see the description of the tourism law in section A.5, above). Additional information on Honduran FTZs and export processing zones is available from the Honduran Manufacturers Association at <http://www.ahm-honduras.com>.

Foreign Direct Investment Statistics

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Foreign Direct Investment (FDI) in Honduras has achieved sustained growth since 2002, reflecting increased efforts towards macroeconomic stability and increased investor confidence. According to Central Bank (BCH) data, the flow of FDI into Honduras in 2007 was \$929.3 million, up 37.8 percent from \$674.1 million in 2006. Although the U.S. continues to be a dominant source of FDI in Honduras (with 68.6 percent of all FDI flows in the commercial sector during 2006), other countries and regions currently maintaining high levels of investment are: Asia (textiles); Mexico (ICT, telecom, consumer trade); Central America (mainly Panama and El Salvador, in the financial services sector, real estate, and development of commercial projects); and U.K/Netherlands/Spain/Italy (construction, electrical power, agro-industry). The U.S. also continues to take the FDI lead in the maquiladora sector (41.1 percent), followed by Canada (35.5 percent). According to preliminary 2008 BCH data, FDI accounted for 6.1 percent of the Honduran GDP. Major FDI flows for 2008 were registered in the telecommunications, financial services and industrial sectors.

Table 1: Honduras - Foreign Investment Flows - Companies
By Country of Origin
In US\$ millions

Countries	Years		
	2005 ^{p/}	2006 ^{p/}	2007 ^{p/}
NORTH AMERICA	220.1	335.8	500.4
UNITED STATES OF AMERICA	163.4	263.3	378.5
CANADA	12.3	41.7	26.4
MEXICO	44.4	30.8	95.5
CENTRAL AMERICA & PANAMA	74.4	76.3	61.7
COSTA RICA	-2.4	2.1	7.8
EL SALVADOR	26.1	28.2	7.5
GUATEMALA	25.2	16.5	15.4
NICARAGUA	5.0	13.1	7.2
PANAMA	20.5	16.4	23.8
CARIBBEAN	23.5	1.8	-20.1
BAHAMAS	23.5	1.8	-20.1
EUROPE	84.8	56.4	159.1
SPAIN	0.0	0.3	0.0
ENGLAND	47.4	45.2	97.9
NETHERLANDS	3.3	4.6	2.5
GERMANY	-1.8	-0.3	20.7
SWITZERLAND	16.4	0.4	6.7
ITALY	3.7	2.8	5.4
FRANCE	15.8	3.4	26.1
ASIA			
JAPAN	0.3	0.0	0.0
OTHER COUNTRIES	0.8	19.1	8.6
TOTAL	403.9	489.4	709.7

Source: Central Bank of Honduras (BCH): Country breakdown (Commercial Entities) for 2007-2008. p/Preliminary

Table 2: Honduras – Foreign Direct Investment (Companies) by Economic Activity
(Millions of Dollars and percentages. p/2007)

Industry Sectors reporting positive variations:	2007	Relative Variations
• Private construction 19.3 percent	9.1	-788
• Transport & Communications 12.9 percent	283	67.2
• Commerce 8.6 percent	71.5	-39.6
• Power & Water	9.3	57.2
• Manufacturing Industry	164	287.1
• Agriculture, Forestry & Fishing	11.2	-74.7

Table 3: Honduras - Foreign Direct Import Flows by Industry Sector
(Millions of Dollars)

SECTIONS	2005	2006	2007
1 LIVE ANIMALS; ANIMAL PRODUCTS	7,673.7	11,146.1	8,875.8
2 VEGETABLE PRODUCTS	16,460.1	19,709.7	23,522.0
3 ANIMAL OR VEGETABLE FATS AND OILS	1,103.0	3,208.0	5,181.8
4 PREPARED FOODSTUFFS	39,025.0	55,708.0	52,724.8
5 MINERAL PRODUCTS	56,500.8	69,206.6	141,768.5
5.1 FUEL & LUBRICANTS	54,789.2	64,766.6	140,065.7
5.2 OTHER MINERAL PRODUCTS	1,711.7	4,440.0	1,702.8
6 PRODUCTS OF THE CHEMICAL OR ALLIED INDUSTRIES	55,569.3	63,666.2	91,888.4
7 PLASTICS AND RUBBER	27,187.9	29,693.0	33,337.2
8 RAW HIDES AND SKINS, LEATHER, FURSKINS	1,168.1	1,461.5	1,598.2
9 WOOD, CHARCOAL & CORK ART. THEREOF	1,709.1	1,478.7	2,930.6
10 PAPER MANUFACTURING	19,275.4	24,423.5	26,412.8
11 TEXTILE MATERIALS	14,736.6	19,542.7	20,402.9
12 FOOTWEAR & HATS	5,803.9	7,588.2	7,293.0
13 ROCK, PLASTER, GLASS, CEMENT & ALLIEDS	5,338.6	7,822.6	7,833.5
14 PEARLS, PRECIOUS STONES, METALS AND OTHERS	477.8	342.4	330.1
15 COMMON METALS	24,688.6	37,992.1	40,855.0
16 MACHINES, APPLIANCES AND ELECTRICAL EQUIP.	61,174.5	91,957.9	130,465.9
17 TRANSPORT MATERIALS	24,153.4	42,318.1	54,725.5
18 OPTICS, PHOTOGRAPHY, CINEMA, MEDICAL & OTHERS	3,665.1	5,677.9	5,367.8
19 GUNS & AMMUNITIONS	146.6	28.7	173.4
20 MERCHANDISE AND VARIOUS PRODUCTS	7,962.4	12,888.6	14,255.3
21 ART & COLLECTIBLES	29.9	14.5	33.0

TOTAL	373,849.8	505,875.2	669,975.5
TOTAL WITHOUT FUEL	319,060.7	441,108.6	529,909.8

Source: Information based on CIF Import Statistics- Honduran Central Bank

Table 4: Honduras - Foreign Direct Investment Flows in Maquiladora Industry by Economic Sector

(Millions of Dollars and percentages)

		I Semester	<i>percent</i>	<i>percent</i>
	2006P	2007P	2006/2005	2007/2006
Textile Industry	127.3	197.6	66.8	55.2
Commerce	16.3	5.8	103.2	-64.5
Agriculture & Fishing	8.2	4.3	6.1	-47.3
Services to Enterprises	32.0	20.0	39.3	-37.3
Electronic Components	2.3	-5.3	-96.5	-331.3
Plastic Products	0.4	0.1	-31.0	-77.5
Wood Products & Furniture Manufacturing	0.5	-1.5	-224.5	-376.9
Tobacco	-0.1	-3.6	-102.4	2,768.9
Cardboard products	-9.1	1.9	-374.5	-120.9
Chemical products	0.0	0.0	-100.0	0.0
Energy & Water	0.5	0.0	51.6	-96.3
Other Industries	6.4	0.2	84.5	-97.0
Total	184.7	219.6	-5.6	18.9

Source: Central Bank of Honduras. *p/Preliminary*. Information based on quarterly surveys applied to industrial park companies.

Table 5: Selected Foreign Investments in Honduras

The following is a partial list of foreign firms and franchises of foreign firms operating in Honduras, with a description of the type of investment and country of origin.

Investor	Country	Type of Investment
American Airlines	U.S.	Airline services
America's Favorite Chicken	U.S.	Fast food
American Home Assurance Co.	U.S.	Insurance services
American International Group	U.S.	Insurance services
Americatel	U.S.	Telecommunications
Applewoods	U.K.	Cosmetics and Toiletries
Applebee's	U.S.	Casual Dining
Astaldi	Italy	Engineering
Azucarera "La Grecia"	Guatemala	Sugar
BAC (Banco de América Central Honduras)	Nicaragua	Financial services
Banco Lafisse	Nicaragua	Financial services
Banco Uno	Nicaragua	Banking services
Baskin-Robbins	U.S.	Ice Cream
BAT Industries PLC	U.K.	Tobacco products
Bayer	Germany	Pharmaceutical products
Benneton	Italy	Casual clothing
Best Western	U.S.	Hotel
Bojangles	U.S.	Restaurant
Breakwater Resources Corp.	CAN/U.S.	Mining
Bristol Myers Squibb	U.S.	Beauty products
Budget Rent a Car	U.S.	Car rental
Burger King Inc.	U.S.	Fast food
Candy Bouquet	U.S.	Candy Store
Cargill, Inc.	U.S.	Animal feed, poultry & meat processing
Castle & Cooke, Inc.	U.S.	Bananas and other agricultural products; bottling and brewing
Caterpillar Tractors	U.S.	Spare parts, accessories
Cerveceria Hondurena, S.A.	South Africa	Soft drinks and beers
Chestnut Hill Farms	U.S.	Agricultural products
Chili's	U.S.	Franchise Casual Dining
Chiquita Brands International	U.S.	Bananas and other agricultural products
Church's Chicken	U.S.	Fast food
Cinemark	U.S.	Entertainment
Cinnabon	U.S.	Fast food
Citi	U.S.	Banking and financial services
Citrus Development Corp.	U.S.	Citrus production and processing
Colgate-Palmolive	U.S.	Personal care products
Congelados Holanda	Mexico	Ice cream
Continental Airlines	U.S.	Airline services
CPC International	U.S.	Corn starch
Crowley American Transport	U.S.	Ocean freight services

Cultivos Marinos	U.S.	Shrimp farms
Cybex	U.S.	Health & fitness
Daimler Chrysler Corporation	U.S.	Cars
Demahsa	Mexico	Corn flour
Dickies	U.S.	Textiles and apparel
Dippin Dots	U.S.	Franchise Ice Cream
Domino's Pizza	U.S.	Fast food
Dos Pinos	Costa Rica	Ice cream and milk products
Dry Cleaning USA	U.S.	Dry cleaning services
Dunkin' Donuts	U.S.	Fast food
Elektra	Mexico	Household goods/appliances
Ernst & Young International	U.S.	Accounting & auditing services
Exxon	U.S.	Petroleum products marketing
FEDEX	U.S.	Air freight services
Five Star Mining	U.S.	Mining exploration
GE Capital	U.S.	Financial Services
G.B.M. de Honduras	U.S.	Computer services
Glamis Gold, Ltd.	U.S./Canada	Gold mining
Global One Communication	U.S.	Telecommunications
Grupo Granjas Marinas	U.S.	Shrimp farms
H.B. Fuller	U.S.	Adhesives; paints
Hertz Rent a Car	U.S.	Car rental
Holiday Inn Hotel	U.S.	Hotel
Hotel Real Inter-Continental	El Salvador	Hotels
Hotel Hilton Princess	U.S.	Hotel
House of Windsor	U.S.	Tobacco
Industrial Engineers, Inc.	U.S.	Repair & construction, naval vessels
Kentucky Fried Chicken	U.S.	Fast food
Kimberly-Clark	U.S.	Paper products; Pharmaceutical products
KPMG Peat Marwick	U.S.	General business consultants
Lear Corporation	U.S.	Electronic Automotive Harnesses
Little Caesar's Pizza	U.S.	Fast food
Maersk Sealand	Denmark	Shipping
Mail Boxes, etc.	U.S.	Courier services and copy center
Marriott Hotels and Resorts	U.S.	Hotel
Martinizing	U.S.	Dry cleaning services
Mayan Gold, Inc.	U.S.	Mining
McDonald's Corporation	U.S.	Fast food
McCann Erickson	U.S.	Advertising; publicity
Midas International	U.S.	Automotive parts & Services
Millicom	Sweden/U.S.	Telecom
Motorola	U.S.	Telecommunications
Moore Business Forms	U.S.	Business forms
Multiplaza (Grupo Roble)	El Salvador	Shopping center chain
Nestle Products	Switzerland	Food products
Oracle	U.S.	Software

Office Depot	U.S.	Office Supplies
Pakmail	U.S.	Packaging and Courier Services
Pan Bimbo	Mexico	Bread products
Pan American Life Ins. Group	U.S.	Life insurance
Parker Tobacco	U.S.	Cigars
Payless Shoe Source	U.S.	Footwear
Paysen	Germany	Pharmaceutical products
Peat, Marwick, & Mitchell	U.S.	Accounting and auditing services
Phelps-Dodge	U.S.	Electric wire & Cable manufacturing
Pizza Hut International	U.S.	Fast food
Pollo Campero	Guatemala	Fast food; animal feed; poultry processing
Popeye's	U.S.	Fast food
Price Smart	U.S.	Warehouse stores
Price Waterhouse	U.S.	Accounting & auditing services
Quick Internet	U.S.	Telecommunications, internet services
Quizno's	U.S.	Fast food
Radio Shack	U.S.	Electrical Appliances
RJR-Nabisco	U.S.	Food products
Ruby Tuesday's	U.S.	Casual Dining
Russell Corporation	U.S.	Textiles and apparel
Sabritas	Mexico	Snacks
Scott Paper, Inc.	U.S.	Paper products
Seaboard Marine Corp.	U.S.	Winter fruits & vegetables; aquaculture; ocean freight services
Sears	U.S.	Consumer Household goods
Select	U.K.	Convenience stores
Shell	U.K.	Petroleum products marketing
Siemens	Germany	Telecommunications
Smith-Kline Beecham	U.K.	Pharmaceutical
Standard Fruit (Dole)	U.S.	Tropical fruits
Star Mart	U.S.	Convenience store
Stewart & Stevenson	U.S.	Electricity generation
Subway	U.S.	Fast food
TAHSA	U.K.	Tobacco
TACA	El Salvador	Airline services
TCBY	U.S.	Fast food
Technology Research Corp.	U.S.	Electrical supplies
Texaco	U.S.	Petroleum products marketing
TGI Friday's	U.S.	Restaurant
3M	U.S.	Office supplies
Tony Roma's	U.S.	Restaurant
Tropical Gas Company	U.S.	Appliance and other equipment
Unilever	U.K./Holland	Cleaning Products, Beverages, Food
United Marketing (Unimerc)	U.S.	Marketing services
United Parcel Services (UPS)	U.S.	International Courier
United Technologies Automotive	U.S.	Automobile electronics assembly

U.S. Tobacco	U.S.	Cigars
Van Ommeren-Ceteco	Netherlands	Trading/retailing
Wal-Mart	U.S.	Supermarket Chain
Wellington Hall Caribbean, Inc.	U.S.	Furniture
Wendy's	U.S.	Fast food
Witten International	U.S.	Apparel
Xerox	U.S.	Business machine sales & services

Web Resources

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Economic Commission for Latin America
and the Caribbean (CEPAL)

<http://www.eclac.cl>

Honduran Central Bank

<http://www.bch.hn>

Honduran Association of Banking Institutions

<http://www.ahiba.hn>

Ministry of Industry and Trade

<http://www.sic.gob.hn>

FIDE

<http://www.hondurasinfo.hn>

National Banking & Insurance Commission

<http://www.cnbs.gov.hn>

Foreign Trade Information System

<http://www.sice.oas.org>

Overseas Private Investment Corporation

<http://www.opic.gov>

Honduran Manufacturing Association

<http://www.ahm-honduras.com>

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Chapter 7: Trade and Project Financing

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How Do I Get Paid (Methods of Payment)

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Cash in advance and irrevocable letters of credit, confirmed by U.S. banks, are the most appropriate methods of payment for U.S. exporters selling to Honduran firms. A third party, such as the Export-Import Bank of the United States, should insure open account transactions.

How Does the Banking System Operate

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The Honduran banking system, currently comprised of 17 private banks, includes financial intermediaries, one securities exchange, brokerages, credit operators, and foreign exchange houses. In recent years, it has experienced significant growth, consolidation, and regional expansion. CAFTA-DR implementation has encouraged U.S. corporate groups such as GE Finance and Citigroup to finalize important acquisitions as part of their investment and expansion strategies for emerging markets.

Total assets in the Honduran financial system in 2009 were USD 9.9 billion. Banks account for 90 percent of total assets in the financial system. The minimal capital requirement to operate a bank is Lps. 300 million (\$15.8 million) per resolution 633/12-05-2009. Average interest rates for local currency in the banking system were 17.10 percent for 2009. Average interest rates in US dollars were 9.55 percent in 2009.

In September 2004, at IMF insistence, the Honduran government passed four banking reform laws aimed at strengthening the nation's financial system. The Central Bank reform law, which took effect on September 22, 2004, changes the structure of the Central Bank's Board of Directors, provides greater flexibility in the areas of exchange rate policy, monetary policy, and liquidity management, and provides for a stronger capitalization of the Central Bank from the central government. The Banking Commission reform law and the FOSEDE reform law transfer the responsibility for the restitution of troubled banks from FOSEDE to the Banking Commission. The Financial System law (Decree No. 129-2004) delineates the responsibilities of the Banking Commission and the Central Bank to supervise and regulate the country's financial sector. The overriding objective of the law is to bring Honduran financial sector regulation into compliance with the internationally recognized Basel core principles for effective banking supervision. The law also strengthens the previously ineffective national credit bureau and imposes new restrictions on bank ownership and management.

There are few legal barriers to entry in the banking sector, but the small size of the market has meant that most foreign investment has been in regional, rather than Honduran-only, banks. Several banks have majority foreign ownership including Banco Citibank de Honduras, S.A., HSBC, BAC-Bamer/Credomatic, LAFISE, Azteca, Promerica, ProCredit, and BanPais.

Debt relief under the enhanced HIPC Debt Initiative from all of Honduras' creditors will surpass \$3 billion over time, including over \$1 billion in new debt relief approved in 2007 by the Inter-American Development Bank (IDB). The IDB will provide debt relief under the enhanced HIPC Debt Initiative amounting to USD 98 million in NPV terms (approximately \$118.9 million in debt service relief) to be delivered from 2000 through 2012. The International Monetary Fund (IMF) will provide debt relief of SDR 22.66 million (\$ 30.3 million) in net present value (NPV) terms on payments falling due to the IMF during 2001-07. The remaining bilateral and multilateral creditors are also expected to provide their share of relief required under the enhanced HIPC Initiative.

Foreign-Exchange Controls

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Until early 1990, Honduras maintained a fixed official exchange rate of 2 Lempiras to the U.S. dollar. In March 1990, with the passage of a sweeping economic reform package, the Central Bank of Honduras devalued the lempira vis-a-vis the dollar, and later permitted it to float within a managed band devaluating at approximately 4 percent per year. The official exchange rate has been held fixed at 18.9 Lempiras to the dollar since 2005.

In 1994, the Central Bank established an auction system to regulate the allocation of foreign exchange more tightly and improve transparency of foreign exchange transactions. Commercial banks are now required to sell 50 percent of repatriated foreign exchange earnings to the Central Bank each night.

U.S. Banks and Local Correspondent Banks

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Banco Atlantida, S.A.

Gilberto Goldstein, President
Guillermo Bueso Anduray, Executive Vice President
P.O. Box 3164
Tegucigalpa M.D.C., Honduras
Tel: (504) 231-1878, 232-4047
Fax: (504) 231-1974
[Http://www.bancatlan.hn](http://www.bancatlan.hn)
E-mail: info@bancatlan.hn

Banco HSBC

Jonathan Hartley, Executive President
P.O. Box 344 and 3185
Tegucigalpa M.D.C., Honduras
Tel: (504) 240-0909; 800-222-2020
Fax: (504) 240-4873
Web: [Http://www.hsbc.com.hn](http://www.hsbc.com.hn)

Banco Financiera Comercial Hondureña, S.A. (FICOHSA)

Camilo Atala, Executive President
Javier Atala, General Manager
P.O. Box 3858
Tegucigalpa M.D.C., Honduras
Tel: (504) 239-6410
Fax: (504) 239-8785
E-mail: bancofihcohsa@grupofihcohsa.hn
[Http://www.fihcohsa.hn](http://www.fihcohsa.hn)

Banco de Occidente, S.A.

Jorge Bueso Arias, President
Manuel Bueso, Vice General Manager
P.O. Box 3284
Tegucigalpa M.D.C., Honduras
Tel: (504) 237-0310
Fax: (504) 237-0486
E-mail: info@bancocci.hn
<http://www.bancocci.hn>

Banco Citibank de Honduras, S.A.

René Becerra, Chief Country Officer (CCO Honduras)
P.O. Box 3434
Tegucigalpa M.D.C., Honduras
Tel: (504) 290-0100
Fax: (504) 290-0123
[Https://www.latinamerica.citibank.com/honduras/index.html](https://www.latinamerica.citibank.com/honduras/index.html)
E-mail: rene.becerra@citi.com

Banco del País, S.A.

Maria del Rosario Selman, Executive President
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Fax: (504) 239-5707; 566-2142
Web: <http://www.banpais.hn>
E-mail: presidencia@banpais.hn

Banco Financiera Centroamericana, S.A. (FICENSA)

Oswaldo López Arellano, President
Roque Rivera, General Manager
P.O. Box 1432
Tegucigalpa M.D.C., Honduras
Tel: (504) 221-3870
Fax: (504) 221-3849
Web: [Http://www.ficensa.com](http://www.ficensa.com)
E-mail: rrivera@ficensa.com

Banco Hondureño del Café (BANHCAFE)

Ing. Cesar Arturo Zavala, General Manager
P.O. Box 583
Tegucigalpa M.D.C., Honduras
Tel: (504) 239-8370
Fax: (504) 239-7782
Web: <http://www.banhcafe.hn>
E-mail: banhcafe@banhcafe.hn

Banco de los Trabajadores, S.A.

Manuel Pineda Fúnez, President
P.O. Box 3246
Tegucigalpa M.D.C., Honduras
Tel: (504) 238-0017, 238-0140
Fax: (504) 238-0077; 222-1634
Web: <http://www.bancotrab.hn>
E-mail: info@bancotrab.hn

Banco LAFISE Honduras

Roberto Zamora, Executive President
Arturo Giacomini, General Manager
P.O. Box 3325
Tegucigalpa M.D.C., Honduras
Tel: (504) 237-4000
Fax: (504) 237-1835
Web: <http://www.bancolafise.hn>
E-mail: info@bancolafise.hn

Banco Continental, S.A.

Jaime Rosenthal, President
P.O. Box 390
San Pedro Sula, Cortés, Honduras
Tel: (504) 550-0880
Fax: (504) 550-2750
Web: www.bancon.hn
E-mail: <http://www.bancon.hn/contactenos.html>

BAC/Honduras

Jacobo Atala, Executive President
René Simón, Vice-President
P.O. Box 536
Tegucigalpa M.D.C., Honduras
Tel: (504) 238-7200
Fax: (504) 238-7207
Web: <https://www.bac.net/honduras>

Banco Promérica

Arturo Arana, President
Lic. Gustavo Raudales, Executive Director
Colonia Palmira, Ave. Rep. De Chile # 804
Tegucigalpa, M.D.C., Honduras
Tel: (504) 216-2000, 280-8080
Fax: (504) 216-4644
Web: www.bancopromerica.com
Email: consultas@bancopromerica.com

Banco ProCredit

Esther Gravenkotter, General Manager
Col. Florencia, Blvd Suyapa 3730, Edif. ProCredit
Tegucigalpa, M.D.C., Honduras
Tel: (504) 290-1010
Fax: (504) 239-5828
E-mail: info@procredit.com.hn
[Http://www.procredit.com.hn](http://www.procredit.com.hn)

Banco Azteca

Miguel Gonzalez Ramirez, Country Director
Oficina Principal, Col. Miramontes, Calle La Salud
Tegucigalpa, M.D.C., Honduras
Tel: (504) 264-1460
Fax: (504) 264-1460, ext. 51181
[Http://www.bancoazteca.com.hn](http://www.bancoazteca.com.hn)

Banco Popular Coveló

Victor Rheinboldt, President
Luis Fernando Gómez, General Manager
Edif. Fundación Coveló, Col. Castaño Sur
Tegucigalpa, M.D.C., Honduras
Tel: (504) 221-5150; 221-5177
Fax: (504) 221-5202
<http://www.bancoveló.hn/bcsa>

Regional and Multilateral Development Banks:

Central American Bank for Economic Integration

Nick Reischbieth, President
Edificio Sede, Boulevard Suyapa
Tegucigalpa, M.D.C., Honduras
Tel: (504) 240-2243
Fax: (504) 240-2185
<http://www.bcie.org>

World Bank - Honduras

Geoffrey Bergen, Country Representative
Centro Financiero Banco Citi, Blvd. San Juan Bosco
4to. Piso, Col. Payaqui
Tegucigalpa, M.D.C., Honduras
Tel: (504) 239-4551; Fax: 239-4555
<http://go.worldbank.org/8UPME3WI10>

Inter-American Development Bank (IADB)

Miguel Manzi, Country Representative
Col. Lomas del Guijarro Sur, 1era Cile.
Tegucigalpa, M.D.C., Honduras
Tel: (504) 290-3500
Fax: (504) 239-5752
http://www.iadb.org/countries/home.cfm?lang=en&id_country=ho

Project Financing[Return to top](#)

The United States Export-Import Bank (Ex-Im Bank) guarantees the repayment of loans, or makes loans to foreign purchasers of U.S. goods and services. Ex-Im Bank also provides credit insurance that protects U.S. exporters against the risks of non-payment by foreign buyers for political or commercial reasons. Ex-Im Bank does not compete with commercial lenders but assumes risks they cannot accept. Ex-Im Bank is not a development bank, and therefore looks for reasonable reassurance of repayment in all transactions.

At present, only a few banks operating locally (such as HSBC), have direct access to Ex-Im Bank's credit lines. These lines are also available through U.S. commercial banks. In February 1999, Ex-Im Bank signed a \$50 million export facilitation facility for Central America with the Central American Bank for Economic Integration (CABEI). Also in February 1999, OPIC and Citibank signed an agreement to establish a \$200 million investment facility for Central America and the Caribbean that will help meet the need for medium and long-term capital in the region.

Long-term financing is generally available only through special lines of credit that select commercial banks have with Central American Bank for Economic Integration. The programs that are available concentrate on export projects, including export processing zones and industrial parks.

The U.S. Department of Agriculture (USDA) provides credit guarantees for a wide range of agricultural and products exported from the United States, as well as export bonuses for selected products under the Export Enhancement Program and the Dairy Export Incentive Program. The USDA financing programs are aimed at encouraging U.S. agricultural exports.

The U.S. Small Business Administration (SBA) provides financial and business development assistance to encourage and help small business develop export markets. SBA offers both loans and loan guarantees.

The U.S. Trade Development Agency (TDA) provides grant loans for pre-feasibility studies overseas on projects with high U.S. products and services export potential.

Assistance from the Overseas Private Investment Corporation (OPIC) is available for new investments, privatization, and for expansions and modernization of existing plants sponsored by U.S. investors. The investors must contribute additional capital for modernization and/or expansion to be eligible. Financing is not available for projects that can secure adequate financing from commercial sources.

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Export-Import Bank of the United States: <http://www.exim.gov>

Country Limitation Schedule: http://www.exim.gov/tools/country/country_limits.html

OPIC: <http://www.opic.gov>

Trade and Development Agency: <http://www.tda.gov/>

SBA's Office of International Trade: <http://www.sba.gov/oit/>

USDA Commodity Credit Corporation: <http://www.fsa.usda.gov/ccp/default.htm>

U.S. Agency for International Development: <http://www.usaid.gov>

Central American Bank for Economic Integration: <http://www.bcie.org>

Honduran Association of Banking Institutions: <http://www.ahiba.hn>

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Business Customs

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In Honduras, written contracts are used as a means to formalize verbal agreements between trusted colleagues. Unlike the United States, personal relationships are important in creating and maintaining business ties and avoiding possible disputes. As a result, Honduran businesspeople build life-long relationships and establish close links with clients or customers, creating a reciprocal feeling of obligation and desire to assist.

Since Hondurans are hospitable and gracious hosts, the closing of a business deal is similar to a social activity. As a result, many Americans find that going straight to the point when negotiating with Hondurans is not well received. When meeting with Honduran counterparts, it is often best to move into business matters gradually. After the courtesy formalities have been taken care of, meetings generally turn to a more concrete discussion of business. Hence, business negotiations tend to be slower and more drawn out in Honduras, placing more emphasis on relationships than conducting a business transaction.

As far as punctuality is concerned, Hondurans tend to be more relaxed than Americans. Waiting for meetings is not unusual. While Americans take pride in timeliness, keeping a schedule is not as important in Honduras. It is necessary to understand that this approach to scheduling and punctuality is a cultural aspect of Honduras, and should not be taken as discourtesy or disinterest.

Travel Advisory

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One important issue to keep in mind when visiting Honduras is security. Street crime is a principal concern, with theft, pick pockets, and armed robberies in urban areas on the rise. In addition, armed car and home robberies have been a problem. As a precaution, one should avoid wearing excessive jewelry and visibly carrying cellular phones, valuables or large sums of money when walking in downtown areas. In the event that one's passport is stolen or lost, or that one experiences a threatening situation, it should be reported immediately to the local police and the US Embassy's security office.

Americans living or traveling in Honduras are encouraged to register with the U.S. Embassy through the State Department's travel registration website <http://travelregistration.state.gov> so that they can obtain updated information on travel and security within Honduras.

Additional information is also available through the State Department's Consular Information page for Honduras at http://travel.state.gov/travel/cis_and_the_U.S and the Embassy webpage: <http://honduras.usembassy.gov>. The Consular Section in Tegucigalpa is open for U.S. citizens' services Monday through Thursday (except for Honduran or American legal holidays) from 8:00 am to 5:00 pm., and from 8:00 am to 3:00 pm on Fridays.

Visa Requirements

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A U.S. passport valid for at least six months from the date of entry is required to enter Honduras. A visa is not required for American citizens, but tourists must provide evidence of return or onward travel. Immigration officials at the first port of entry determine the length of stay, up to a maximum period of 90 days.

For additional information regarding travel to Honduras, please contact the Honduran Embassy in Washington D.C. located at 3007 Tilden Street N.W., Washington D.C. 20008, tel. (202) 966-7702. In addition, Honduran Consulates are located in the following cities: Atlanta, Chicago, Houston, Los Angeles, Miami, New York, New Orleans, San Francisco, San Juan, and Tampa. For additional inquiries, please visit the Honduran Embassy's website at <http://www.hondurasemb.org>.

1. Visas for Investors

Individuals interested in investing in Honduras should approach the nearest Honduran consulate or the Honduran Embassy in Washington. If already in Honduras, residence visa applications are conducted through the General Immigration Directorate.

According to Executive Order No. 8, the following procedures have been developed to facilitate the entrance into Honduras for foreigners who wish to invest in agricultural, agribusiness, industrial, tourism and export projects, in accordance with government promotion and investment policies and the Export Processing Zone Law:

Art. 3: All citizens of countries with whom the Government of Honduras has established diplomatic relations are eligible for investors' visas. Others may also be eligible if they are involved in an investment initiative proposed by one of the following local institutions: Honduran Private Enterprise Council (COHEP), Foundation for Investment and Development of Exports (FIDE), National Industry Association (ANDI), or National Chambers of Commerce and Industry.

Art. 4: The classification of the "Visa for Investors" is as follows:

- a) Investor's Type 1 Visa: issued to the investors and their dependents.
- b) Investor's Type 2 Visa: issued to technicians and specialized workers, their spouses and their economic dependents.

Art. 6: The application for the visa must be submitted personally or by a legal representative, and must contain the following specific information:

- a) Complete name of the applicant.
- b) Nationality and permanent residence.
- c) Purpose of the visit.

The following documents must be included in the application:

- a) Current passport.
- b) Bank or Commercial references.
- c) Evidence or proof of the investor's intentions.

Art. 8: The bearer of a Type 1 visa will be granted a three-month visa to remain in the country. This visa may be extended up to a maximum period of one year. Those with a Type 2 visa will be authorized an initial period of one month, which can be extended up to a maximum of six months.

Art. 12: Bearers of such visas will be able to receive all the benefits established under the Export Processing Zone Law.

2. Residence

The application for residence may be done outside of Honduras through a Honduran consulate, or through the Ministry of Government and Justice. The residence registration process takes about three to four months. Among the documents required to apply for Honduran residence are:

- a) Health Certificate (original and copy).
- b) Police Department Certificate (original and copy).
- c) Letter of Employment (original and copy).
- d) Two Photos.

The residence card must be renewed every year.

3. Work Permit

The following procedures are required in order to obtain a work permit in Honduras:

- a) Obtain Honduran residence. While the application for residence is in process, a temporary work permit can be requested through the Ministry of Labor.
- b) Provide the following information to the Ministry of Labor:
 - 1) A list of names of all the employees working for the company and their corresponding nationalities.
 - 2) A letter of employment and the type of job offered.
 - 3) A work contract stating the position the foreign employee will execute.

U.S. Companies that require travel of foreign businesspersons to the United States should be advised that security options are handled via an interagency process. Visa applicants should go to the following links.

State Department Visa Website:
<http://travel.state.gov/visa/index.html>

US Embassy in Tegucigalpa:
<http://honduras.usembassy.gov/visas.html>

Telecommunications

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Telephone service is adequate and the cost for long-distance service calls originating from fixed lines has been significantly reduced (current charge is Lps. 2.00/minute or \$0.10). Calls from fixed lines to cellular phones are more expensive than calls between fixed lines. Four mobile telephone providers currently operate in Honduras. Access to telephone service is very limited in rural areas, and there is little chance of significant improvement until Honduras passes telecommunications reform.

Radio reception is satisfactory. U.S.-style music is featured on several stations, but news is exclusively in Spanish. A good short-wave radio is necessary to receive American stations and international broadcasts, including the Voice of America (VOA). The Embassy's Public Affairs Section has schedules and program information.

Twelve local TV stations can be seen in Honduras, all with Spanish-language programming. Some local companies offer cable service with a wide range of stations, including major U.S. networks and entertainment-oriented stations.

Four daily and one weekly Spanish-language newspapers, along with one weekly English newspaper are published in Tegucigalpa and San Pedro Sula. Major sources of English-language news are the Latin American air express editions of the Miami Herald, the New York Times, the Wall Street Journal, the Washington Post, and USA Today, which arrive the day of, or day after, publication. Overseas editions of Time and Newsweek are available at several newsstands or by subscription.

Transportation

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Passenger and air-freight services are generally reliable. Three gateway cities (Houston, Miami, and Atlanta) are only two and a half hours by air from Honduras. Direct flights between Honduras and cities in North and Central America are provided by the following international airlines: American Airlines, Continental Airlines, Delta, COPA, Spirit, and TACA Airlines. Isleña Airlines, which belongs to Grupo TACA, connects Tegucigalpa, San Pedro Sula, and La Ceiba with the north coast and the Bay Islands. Other domestic commercial airlines are Central American Airways, CM Airlines and Aerolineas Sosa. Charter service and aircraft rentals (small single- and twin-engine equipment) are available from private flying services operating out of Tegucigalpa, San Pedro Sula, and La Ceiba. Among the airlines having local representation and offering connections to various destinations worldwide are Lufthansa, KLM/Air France, Varig, British Airways, Alitalia, and Japan Airlines (JAL). Air travelers leaving Honduras are required to pay USD \$34.04 in departure fees.

Passenger ground transportation, including comfortable bus service, is also available to various cities in the country, as well as to some Central American destinations.

Travelers should exercise extreme caution while driving on isolated stretches of road and passing on mountainous curves. Traffic signs, even on major highways, are often inadequate, and streets in the major cities are often unmarked. Honduran roads are generally poorly lit, and vehicles are often driven at night without adequate illumination, and animals and people wander onto the roads at all hours. For these reasons, car and bus travel after dark is strongly discouraged.

Although cabs are often run-down, taxi service is available in the downtown areas of Tegucigalpa and San Pedro Sula and can be hired on an hourly basis. One of the better options for foreign visitors is calling a Radio Taxi, a reliable cab service available in Tegucigalpa (Tel: 225-1555) and San Pedro Sula (Tel: 557-5808; 553-6251; 557-9147). However, Radio Taxi prices are significantly higher than normal street taxis, and the passenger may have to wait 15 minutes or more beyond the promised arrival time of the taxi. Major hotels and airports in Tegucigalpa and San Pedro Sula offer shuttle service for two to three times the normal rates. Taxis are not metered, so negotiation of the fare before entering is strongly advised. Sharing cabs with strangers is strongly discouraged. Various car rental companies are also available.

Language

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Spanish is the official language of Honduras. A substantial number of Honduran professionals and business executives speak English, and many high government officials and private sector leaders were educated in the United States. English is often spoken in the Bay Islands.

Health

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Medical Services: Medical care in Honduras varies greatly in quality and availability. Outside Tegucigalpa and San Pedro Sula, medical care is inadequate to address complex situations. Doctors and hospitals often expect immediate cash payment for health services. U.S. medical insurance is not accepted for hospital admission, physician service, or medical testing in Honduras. The Medicare/Medicaid program doesn't provide for payment of medical services outside of the United States. Check with your insurance company to confirm whether your policy applies overseas, including provisions for medical evacuation. In addition, many travel agents and private companies offer insurance plans that will cover health care expenses incurred overseas. Emergency services may be contacted directly through their local numbers, including the national emergency line, *199.

Drinks: Honduras lacks a substantial infrastructure for maintaining water purity. Travelers are strongly encouraged to avoid drinking tap water or a beverage that contains ice from an unknown source. Purified water can be purchased in major cities and smaller towns. Bottled drinks are considered safe.

Food: It is recommended that individuals traveling to Honduras avoid eating untreated raw vegetables, fruits that can't be peeled on the spot, and raw fish. Meats should be cooked well. Most well-known restaurants are considered safe.

Health: Individuals traveling to Honduras should ensure that all their routine vaccinations are up to date. The main health hazards include AIDS, malaria, dengue

fever, dysentery, parasites, hepatitis A and B, typhoid, and rabies. There have been reports of cholera as well, although not in epidemic proportions. A malaria suppressant should be taken if traveling to coastal regions or rural areas for extended stays. Heat and sun exposure are also hazards. Take care to use sunscreen and avoid dehydration.

Pollution: Severe air pollution, which can aggravate or lead to respiratory problems, is common throughout the country during the dry season due in large part to widespread forest fires and agricultural burning. Travelers with respiratory or cardiac conditions and those who are elderly or extremely young are at greatest risk for complications from air pollution, including coughing, difficulty breathing, wheezing, or chest pain.

For additional information please visit the Department of State's Consular Information Sheet (CIS) for Honduras at: <http://travel.state.gov/travel/cis>. Specific in-country information is also available at <http://honduras.usembassy.gov> following these links: FAQ, then Crime & Security, then Consular Information Sheet.

Local Time, Business Hours, and Holidays

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Local Time: Honduras does not switch to Daylight Savings Time. Therefore, for six months out of the year, Honduras is 2 hours behind Eastern Standard Time. For the rest of the year, Honduras is only 1 hour behind Eastern Standard Time. For current time please go to: <http://www.timeanddate.com/worldclock/city.html?n=245>.

Business Hours: Business hours for commercial and industrial offices are between 8:00 a.m. and 6:00 p.m., Monday through Friday. Manufacturing plants and construction sites start at 7:00am and close between 4:00 p.m. and 5:00 p.m. Banks are open to the public at 9:00 a.m. and close at 6:00 p.m. Drive-through banking closes at 8 pm. Some banks have ATMs that are open all night, though tourists should avoid taking money out after dark for security reasons. Working hours in the public sector usually are from 8:00 am to 4:00 pm.

The following list of Honduran and American holidays will be observed as a day of leave for all Embassy employees during 2010:

Date	Day of the Week	Holiday
January 1	Friday	New Year's Day
January 18	Monday	Martin Luther King's
February 15	Monday	President's day
April 1	Thursday	Holy Thursday
April 2	Friday	Good Friday
April 3	Saturday	Easter Saturday
April 19	Monday	Day of the Americas
May 1	Saturday	Honduran Labor Day
May 31	Monday	Memorial Day
July 4	Sunday	Independence Day (Ob. July 5 th)
September 6	Monday	Labor Day
September 15	Wednesday	Central American Independence Day
October 3	Sunday	Francisco Morazan's Birthday
October 11	Monday	Columbus Day
October 18	Monday	Discovery of America

October 25	Monday	Honduran Armed Forces Day
November 11	Thursday	Veteran's Day
November 25	Thursday	Thanksgiving Day
December 25	Saturday	Christmas Day (Obs Friday Dec 24 th)
January 1, 2011	Saturday	New Year's Day (Observed on Friday Dec. 31 st)

Temporary Entry of Materials and Personal Belongings

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The Temporary Import Law (RIT), enacted in 1984, allows exporters to introduce raw materials, parts, and capital equipment into Honduran territory exempt from surcharges and customs duties as long as the material or part is to be incorporated into a product that is exported outside of the country. This law also provides a 10-year tax holiday on profits from these non-traditional exports, under certain conditions. Interested parties may obtain authorization for this program through the Ministry of Industry and Trade. Amendments made to the RIT law in 1997 allow manufacturers to export their products into other Central American countries. These amendments also enable local importers to resell the machinery and equipment no longer needed, by paying an import duty based on its C.I.F. value.

Companies that do not operate in free trade zones or export processing zones fall under the jurisdiction of the Temporary Import Law. At present, over 500 companies are incorporated into the RIT program.

Temporary entry requirements for goods such as commercial samples, sales displays and other items for use at exhibits and trade shows are established under Article 73 of the Honduran Customs Law, Decree 212-87. Customs legislation allows duty free admission of such products, as well as for items to be used for scientific and entertainment purposes, for up to 3 months. This temporary entry authorization can also be extended for the same period of time, if necessary. Temporary import requirements also apply under Article 74 of the Honduran Customs Law for a period of up to 6 months, such as in the case of products to be used in the execution of construction projects, tourism and recreational activities, and other special private and public works. Temporary entry is granted upon making a deposit equivalent to the import duty applicable to the specific product. The guarantee is refunded at the time of the product's re-exporting.

Additional information on temporary entry of materials and personal belongings is available at:

Dirección General de Sectores Productivos

Address: Edif. San José, Blvd. José Cecilio del valle

Tel: (504) 235-3707

E-mail: margenal@sic.gob.hn

http://www.sic.gob.hn/sectores/pagina/regimen_importación_temporal.html

Departamento De Regímenes Especiales de la Dirección Ejecutiva de Ingresos (DEI)

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Web Resources

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- US Embassy in Tegucigalpa, Honduras: <http://honduras.usembassy.gov>
- Consular Information Sheet (CIS): <http://travel.state.gov/travel/cis>
- State Department Visa Website: <http://travel.state.gov/visa/index.html>
- Dirección Ejecutiva de Ingresos: <http://www.sic.gob.hn>

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Chapter 9: Contacts, Market Research, and Trade Events

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- [Market Research](#)
- [Trade Events](#)

Contacts

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Ministry of Public Works, Transportation and Housing

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Email: honduras.oas@oas.org

To view market research reports produced by the U.S. Commercial Service please visit: <http://www.export.gov/marketresearch.html> and click on Country and Industry Market Reports.

Please note that these reports are only available to U.S. citizens and U.S. companies. Registration to the site is required, but free of charge.

Trade Events

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Please click on the link below for information on upcoming trade events.

<http://www.export.gov/tradeevents.html>

In Honduras:

www.buyusa.gov/honduras

Please also see Chapter 3, section on “Trade Promotion and Advertising.”

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Chapter 10: Guide to Our Services

The U.S. Commercial Service offers customized solutions to help your business enter and succeed in markets worldwide. Our global network of trade specialists will work one-on-one with you through every step of the exporting process, helping you to:

- Target the best markets with our world-class research
- Promote your products and services to qualified buyers
- Meet the best distributors and agents for your products and services
- Overcome potential challenges or trade barriers

For more information on the services the U.S. Commercial Service offers U.S. businesses, please click on the links below.

www.buyusa.gov/honduras/en

www.BuyUSA.gov/centralamerica/en

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U.S. exporters seeking general export information/assistance or country-specific commercial information should consult with their nearest **Export Assistance Center** or the **U.S. Department of Commerce's Trade Information Center** at **(800) USA-TRADE**, or go to the following website: <http://www.export.gov>

To the best of our knowledge, the information contained in this report is accurate as of the date published. However, **The Department of Commerce** does not take responsibility for actions readers may take based on the information contained herein. Readers should always conduct their own due diligence before entering into business ventures or other commercial arrangements. **The Department of Commerce** can assist companies in these endeavors.